

REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/018591/06)

JSE share code: RDF ISIN: ZAE000190252

LEI: 37890061EC026A7DA532

(Approved as a REIT by the JSE)

("Redefine" or the "Company")



CONCLUSION OF NON-BINDING TERMS OF AGREEMENT WITH REGARD TO THE ACQUISITION OF M1 MARKI COMMERCIAL CENTRE, UPDATE IN RESPECT OF THE MALL OF THE SOUTH PUT OPTION AGREEMENT AND FURTHER CAUTIONARY

1. INTRODUCTION

- 1.1. Redefine, LVS II Lux XXVII Sarl, an entity associated with Pacific Investment Management Company LLC ("**PIMCO**") and OCM Luxembourg EPF IV Combined Investments Sarl, an entity associated with Oaktree Capital Management L.P ("**Oaktree**") are shareholders of Chariot Top Group B.V. ("**Chariot Top**") with PIMCO and Oaktree each holding 37.5% of the shares and Redefine holding 25% of the shares (the "**Redefine Chariot Equity**"). Redefine, PIMCO and Oaktree are parties to a joint venture agreement dated 10 October 2017 ("**JVA**") regulating their relationship as shareholders of Chariot Top including the parties funding commitments to Chariot Top.
- 1.2. Chariot Top initially acquired a portfolio of 28 retail properties as a trading opportunity, which has since been reduced to 17 properties as result of disposals. In 2017 an agreement was reached whereby EPP N.V. ("**EPP**") would acquire 12 of the retail properties from Chariot Top in three separate tranches ("**EPP M1 Portfolio**"), as announced by EPP on 4 December 2017. The first and second tranches have been successfully concluded, with the third tranche due to be concluded during 2020 ("**EPP Third Tranche**").
- 1.3. Chariot Top is the sole shareholder of Chariot Group B.V. ("**Chariot Group**") which in turn is the sole shareholder of Bruin sp. z o.o. (the "**Marki SPV**"), which holds the title to the Marki Commercial Centre located in Marki near Warsaw, Poland (the "**M1 Marki**"). M1 Marki, with a gross lettable area of c. 47 444m², comprises two main retail buildings, being the M1 shopping mall and a stand-alone Obi DIY store, as well as three smaller buildings (Norauto, Burger King and a Shell petrol station). M1 Marki was completed in 1999 and redeveloped in 2005. The Norauto and Burger King buildings were completed in 2004 and 2011 respectively. M1 Marki is fully let to Metro Properties Sp. z o.o. until 30 April 2024. M1 Marki, along with neighbouring properties (IKEA, Decathlon, Agata Meble and Homepark Targowek retail park) forms one of the biggest retail clusters in Warsaw agglomeration. M1 Marki does not form part EPP M1 Portfolio.
- 1.4. On 21 August 2020 the parties concluded a non-binding detailed terms of agreement in terms of which, in part consideration for the sale and transfer of Redefine's 25% equity interest in Chariot Top to PIMCO and Oaktree, Redefine will acquire 100% of the equity in

Marki SPV for 75% of its equity value from Chariot Group, translating into an equity purchase consideration of €58.9 million (“**Equity Consideration**”) plus the assumption of in-country debt of c.€44.2 million, resulting in a gross purchase price of €103.1 million (the “**Proposed Transaction**”). The Proposed Transaction is expected to be converted into a binding legal agreement before 30 September 2020.

2. RATIONALE

From a strategic viewpoint the Proposed Transaction simplifies Redefine’s offshore asset platform as-well-as facilitates the exit of a minority held investment yielding non-recurring income in exchange for a wholly-owned asset generating a recurring income stream.

3. SALIENT TERMS OF THE PROPOSED TRANSACTION

3.1. The Proposed Transaction will consist of the following salient elements:

- 3.1.1. the execution of a share purchase agreement for the sale by Chariot Group of the Marki SPV equity to Redefine (“**Marki SPA**”);
- 3.1.2. the execution of an agreement for the disposal by Redefine of the Redefine Chariot Equity to PIMCO and Oaktree; and
- 3.1.3. the transfer of all Redefine’s rights and interest to distributions and receivables from Chariot Top (the “**Redefine Chariot Distributions**”) to each of PIMCO and Oaktree in equal parts, as further detailed in paragraph 3.2 below.

3.2. The Proposed Transaction is conditional on the conclusion of certain substitute agreements between Chariot Group and EPP to effect the EPP Third Tranche (and those substitute agreements only being subject to certain technical conditions which would be expected to be fulfilled in the ordinary course of the transaction implementation process)(the “**EPP Third Tranche transaction**”).

3.3. The Equity Consideration for 100% of the Marki SPV will accordingly be settled by Redefine as follows:

- 3.3.1. a cash amount of €10 million payable by no later than 31 December 2020 (subject to the conclusion of the EPP Third Tranche transaction);
- 3.3.2. the disposal of the Redefine Chariot Equity (currently valued at €34.0 million) to PIMCO and Oaktree;
- 3.3.3. the transfer of Redefine’s share of the Chariot Distributions (estimated at €5.9 million for the period April 2020 to June 2021) to PIMCO and Oaktree; and
- 3.3.4. a remaining balance expected to be c.€9 million (capped at a maximum of €15 million) payable by no later than 31 July 2021 as settlement of the outstanding balance.

4. CATEGORISATION OF THE PROPOSED TRANSACTION

Should the parties duly execute the agreements set out in paragraph 3.1 above, the resultant Proposed Transaction is expected to constitute a category 2 transaction for Redefine in terms of the JSE Listings Requirements. Whilst such a transaction will not require Redefine shareholder

approval full details of the Proposed Transaction (including the property and the financial information as required in terms of paragraph 9.15 of the JSE Listings Requirements) will be included in a terms announcement which will be published on SENS following the conclusion of binding agreements.

5. UPDATE IN RESPECT OF THE MALL OF THE SOUTH PUT OPTION AGREEMENTS

Shareholders are referred to the cautionary announcement published on 11 August 2020 in regard to the dispute between the parties as to the validity of the exercise of certain put arrangements amongst Zenprop, RMB and Redefine in respect of the Mall of the South. Shareholders are advised that Redefine, Zenprop and RMB are engaged in constructive discussions to resolve the dispute on a basis (still to be finally agreed and internally approved by the parties) that is expected to result in a mutually satisfactory outcome for all the parties.

6. FURTHER CAUTIONARY ANNOUNCEMENT

Shareholders are advised to continue to exercise caution when dealing in Redefine securities until a further announcement is made.

21 August 2020

Sponsor

The logo for JAVACAPITAL, featuring the word "JAVACAPITAL" in a sans-serif font. The letter "J" is significantly larger and positioned to the left of the rest of the word. A blue horizontal line is drawn across the middle of the letters "A", "V", and "A".