

## REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/018591/06)

JSE share code: RDF ISIN: ZAE000190252

Debt company code: BIRDF

LEI: 37890061EC026A7DA532

(Approved as a REIT by the JSE)

("Redefine" or the "Company")



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## ACQUISITION OF M1 MARKI COMMERCIAL CENTRE IN POLAND, WITHDRAWAL OF CAUTIONARY AND UPDATE ON THE DISPOSAL OF REDEFINE'S AUSTRALIAN STUDENT ACCOMMODATION PORTFOLIO

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### 1. INTRODUCTION

- 1.1. Shareholders are referred to the announcement published on 21 August 2020 (the "**21 August SENS**"), wherein shareholders were advised that Redefine had concluded non-binding terms of agreement relating to (i) the disposal of Redefine's 25% equity interest (the "**Redefine Chariot Top Stake**") in Chariot Top Group B.V. ("**Chariot Top**"), the sole shareholder of Chariot Group B.V. ("**Chariot Group**"), which holds a portfolio of property assets including the shares in 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**") and (ii) the acquisition by Redefine of Marki SPV.
- 1.2. Shareholders are advised that on 5 November 2020, Redefine, Redefine Europe B.V. (a wholly-owned subsidiary of Redefine) ("**Redefine Europe**"), the remaining shareholders of Chariot Top, namely LVS II Lux XXVII Sarl, an entity associated with Pacific Investment Management Company LLC ("**PIMCO**") and OCM Luxembourg EPF IV Chariot Holdco Sarl, an entity associated with Oaktree Capital Management L.P ("**Oaktree**") (the "**Lead Investors**"), Chariot Top and Chariot Group (collectively, the "**Parties**") concluded a suite of agreements, comprising a master agreement (the "**Master Agreement**") and related agreements, in terms of which (i) Chariot Top will repurchase the Redefine Chariot Top Stake from Redefine Europe for an aggregate consideration of c. €55.2 million and (ii) Redefine Europe will acquire Marki SPV from Chariot Group for an aggregate purchase price equal to 75% of the net asset value attributable to Marki SPV and which, taking into account the expected third party debt within Marki SPV of c. €44.2 million, is expected to be c. €58.9 million ("**M1 Marki Consideration**"), (the "**Transaction**").
- 1.3. M1 Marki, with a gross lettable area of c. 47 444m<sup>2</sup>, 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.

## 2. RATIONALE

- 2.1. From a strategic viewpoint the Transaction simplifies Redefine's offshore asset platform and also facilitates the exit of a minority held investment yielding non-recurring income in exchange for a wholly owned asset generating a recurring income stream.
- 2.2. The Transaction has been structured such that Marki SPV will be held by Redefine Europe, which was set up by Redefine in 2018 for the purpose of holding Redefine's European property assets.

## 3. SALIENT TERMS OF THE TRANSACTION

The Transaction has been structured as follows:

### 3.1. Acquisition of the Redefine Stake by Chariot Top

- 3.1.1. In terms of the Master Agreement and a share purchase agreement concluded by Redefine Europe and Chariot Top (the "**Redefine SPA**"), Chariot Top will repurchase the Redefine Stake for an aggregate consideration of c. €55.2 million (the "**Redefine Stake Price**"), (the "**Redefine Repurchase**").
- 3.1.2. The Redefine Repurchase will become effective when the agreement relating to the third tranche of the acquisition by EPP N.V. or its subsidiary of 4 retail properties from Chariot Group, as referred to in the 20 October 2020 SENS announcement published by EPP N.V., has become unconditional (the "**Repurchase Date**"), and the Redefine Stake Price will remain payable by Chariot Top (the "**Redefine Claim**") from the Repurchase Date until the date of completion of the sale of the Marki SPV to Redefine Europe (the "**Closing Date**"), which is expected to be by no later than 31 December 2021.
- 3.1.3. Settlement of the Redefine Claim will in effect be achieved by way of set-off against the M1 Marki Consideration in accordance with the terms set out in paragraph 3.2 below.

### 3.2. Acquisition of Marki SPV by Redefine Europe

- 3.2.1. In terms of the Master Agreement read with a preliminary share purchase agreement concluded by Redefine, Redefine Europe, Chariot Top and Chariot Group, Redefine Europe shall purchase the Marki SPV for the M1 Marki Consideration and will, if necessary, ensure that the liabilities of Marki SPV in respect of third-party debt (the "**Marki SPV Debt**") are discharged.
- 3.2.2. Redefine Europe shall pay an amount of €10 million on account of the M1 Marki Consideration on the later of 31 December 2020 and ten days after the Repurchase Date (the "**Advance Payment**"). The Advance Payment will accrue interest at a rate of 7% naca which interest will be payable quarterly.

3.2.3. The M1 Marki Consideration and the Redefine Claim will be settled by Redefine Europe and Chariot Top on the Closing Date as follows:

- 3.2.3.1. the Advance Payment will be deducted from the M1 Marki consideration;
- 3.2.3.2. an amount equal to the Redefine Stake Price will be set off against the Redefine Claim; and
- 3.2.3.3. the balance, which shall be adjusted *inter alia* for 25% of all distributions received by the Lead Investors and the cash balances of the Chariot Group and which shall be limited to an amount of €15 million, will be payable in cash.

### **3.3. Arrangements relating to Marki SPV Debt**

- 3.3.1. The Marki SPV Debt is currently repayable on 15 October 2022.
- 3.3.2. It is contemplated that it will either be agreed with the providers of the Marki SPV Debt that the Marki SPV Debt will remain in place following implementation of the Transaction, or that Redefine Europe or Marki SPV will arrange new debt in order to refinance the Marki SPV Debt on Closing Date.
- 3.3.3. The Closing Date will be 31 December 2021, provided that Redefine Europe has by 30 November 2021 either obtained the necessary consent of the Marki SPV Debt providers or has secured the required new debt.
- 3.3.4. If Redefine Europe has not by 30 November 2021 obtained the necessary consent of the Marki SPV Debt providers and has not secured the required new debt, then, depending on whether or not Chariot Top has any other material assets and liabilities other than those relating to Marki SPV, the Transaction will either be implemented on 31 December 2021 by way of an alternative construct which does not require the consent of the Marki SPV Debt providers, or the Closing Date will be deferred to 15 October 2022, on which date Redefine Europe would have to ensure that the Marki SPV Debt is settled.

## **4. PROPERTY SPECIFIC INFORMATION**

Details of M1 Marki, including the name, geographical location, sector, gross lettable area (“GLA”), weighted average rental per square meter, the net operating profit, and the value attributed to M1 Marki, are set out below:

Property name	Geographical location	Sector	GLA (m <sup>2</sup> )	Weighted average monthly rental per m <sup>2</sup>	Net operating profit <sup>1</sup>	M1 Marki gross enterprise value <sup>2</sup>
M1 Marki	Radzymińska Street, Skrzetuskiego Street and Aleja Józefa Piłsudskiego, Marki, Poland	Retail	47 444	€12.10	€5 089 785	€123 070 000

**Notes:**

1. The financial information has been extracted from the unaudited annual financial statements of the Marki SPV for the year ended 31 December 2019 which were prepared in terms of Polish accounting policy (principles) defined in the Accountancy Act of 29 September 1994. Redefine has considered and is satisfied with the quality of the financial statements to the extent possible in respect of the information available to Redefine.
2. M1 Marki was valued as at 3 August 2020 by Savills Sp. z o.o. which is an independent external registered property valuer and a member of the Royal Institution of Chartered Surveyors, a recognised property valuers' regulatory body. Of the M1 Marki gross enterprise value, €108.8 million is attributable to the shopping centre and €14.2 million is attributable to surplus land.

## 5. CATEGORISATION OF THE PROPOSED TRANSACTION

The Transaction is classified as a category 2 transaction in terms of the JSE Listings Requirements and is not subject to approval by Redefine shareholders.

## 6. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the further cautionary announcement published on 5 October 2020 in respect of the acquisition of M1 Marki and are advised that caution is no longer required to be exercised when dealing in Redefine's securities.

## 7. UPDATE ON THE DISPOSAL OF REDEFINE'S AUSTRALIAN STUDENT ACCOMMODATION PORTFOLIO

Shareholders are referred to the announcement published on 26 June 2020 in respect of the disposal of the Australian student accommodation portfolio comprising Uni Place, Leicester Street and Central, Swanston Street (the "**Properties**") for an aggregate disposal consideration of A\$459 million. Shareholders are advised that the condition precedent to the sale agreements, being the receipt of written confirmation that the Treasurer of the Commonwealth of Australia has no objection to the acquisition of the Properties by the purchaser pursuant to the provisions of the Foreign Acquisitions and Takeovers Act 1975 has been fulfilled. Accordingly, settlement

of the Uni Place, Leicester Street sale agreement is expected to be completed on or about 11 December 2020. The settlement of Central, Swanston Street remains subject to COVID-19 pandemic travel restrictions in relation to persons travelling to Australia with an Australian Student Visa from specified countries, being lifted with a long stop date of 30 June 2021 or as otherwise agreed by the parties.

5 November 2020

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Sponsor

JAVACAPITAL

Attorneys

