

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")



OFFER TO ACQUIRE ADDITIONAL SHARES IN EPP AND WITHDRAWAL OF CAUTIONARY

1. INTRODUCTION

As part of a composite transaction aimed at the reorganisation of EPP NV ("**EPP**") with the objective of significantly reducing EPP's debt and restoring EPP to a dividend paying position, Redefine, with the support and approval of EPP, proposes making a share-for-share offer (the "**Redefine offer**") to acquire all the remaining shares in EPP not already owned by Redefine (other than those EPP shares owned by I Group Consolidated Holdings Proprietary Limited and its subsidiaries (collectively "**I Group**")) amounting to a maximum of 420 384 090 EPP shares conditional on, *inter alia*, EPP shareholders' approval for the delisting of EPP shares from the JSE and Luxembourg Stock Exchange ("**LuxSE**") (the "**EPP delisting**") (collectively, the "**proposed transaction**").

2. RATIONALE

Core to Redefine's international diversification strategy is its 45.4% shareholding in EPP which has a carrying value of R6.5 billion. With EPP's high level of gearing (c.55.6%) and liquidity challenges (including significant loan maturities in 2022 and 2023), EPP has not paid a dividend since the dividend declared for the six months ended 30 June 2019. Apart from the consequent decline in Redefine's distributable income, this loss of dividend income from EPP also impacts negatively on Redefine's interest cover ratio and corresponding loan covenant headroom. Given challenging market conditions (significantly exacerbated by the impact of the Covid-19 pandemic), EPP has not been able to deliver on its asset disposal strategy required to bolster its balance sheet and to manage its liquidity requirements. Without intervention, the prospects of EPP resuming regular dividend payments in the short to medium term are slim. This creates high potential for a longer-term dividend drought – which has a material adverse impact on Redefine and is not aligned to Redefine's REIT "income fund" investment proposition.

The acquisition of a controlling stake in EPP is consistent with Redefine's strategy to either (i) exit minority investments or (ii) gain strategic control of assets where Redefine already has a major stake. By implementing the EPP delisting and acquiring control of EPP, Redefine will be able to drive the implementation of an EPP internal reorganisation (as more fully described in the announcement released by EPP on 29 November 2021) ("**EPP reorganisation**"). The EPP reorganisation will significantly de-gear the EPP balance sheet (reducing its loan to value ratio ("**LTV**") to c. 37.4%) and other property disposal initiatives are envisaged to further reduce EPP's LTV in the short term to below 35%. The successful implementation of the EPP reorganisation will resolve EPP's liquidity issues and eliminate the potential need for EPP to undertake an equity capital raise which (given constrained equity market conditions) has the risk of being value destructive to existing EPP shareholders, particularly those that would not be in a position

to participate (fully or at all) in a sizeable capital raise. Accordingly, Redefine views the EPP delisting and associated transactions as a proactive step to safeguard and enhance the value of its significant investment in EPP.

As the controlling shareholder of EPP, Redefine will be in a stronger position to drive initiatives to return EPP to a dividend paying position in the short-term, thereby delivering improved distributions to Redefine shareholders on a substantially LTV neutral basis at a Redefine level. Redefine shareholders will obtain additional exposure to prime Polish retail assets directly held by EPP and there will no longer be two listed entry points to EPP, providing Redefine with a differentiated investment proposition on the JSE and potentially enhanced liquidity.

3. TERMS OF THE PROPOSED TRANSACTION

The Redefine offer will be made to all other EPP shareholders (other than, by way of agreement, to I Group whose EPP shares are to be repurchased by EPP as part of the EPP reorganisation) and to whom the offer may be lawfully made at a swap ratio of 2.70 Redefine shares for each EPP share held.

4. PLACING UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS OF REDEFINE

At the annual general meeting of the Company held on Tuesday, 23 February 2021, Redefine shareholders placed 573 263 020 Redefine shares under the control of the directors of Redefine. Should all EPP shareholders (other than I Group) accept the Redefine offer, Redefine would (based on a 2.70 swap) be required to issue up to 1 135 037 043 new Redefine shares, and accordingly, the number of Redefine shares presently under the control of the directors of Redefine is insufficient for the implementation of the Redefine offer.

A general meeting of Redefine shareholders for the purposes of considering and, if deemed fit, passing, an ordinary resolution placing a sufficient number of unissued Redefine shares required by Redefine to acquire all EPP shares not already owned by it (and excluding the EPP shares owned by I Group) under the control of the directors of Redefine (as required in terms of the Companies Act, 71 of 2008 and clause 8.7 of Redefine's memorandum of incorporation), will be held via electronic communication at 10:00 on Thursday, 13 January 2022. Further information in this regard will be distributed to shareholders in due course.

5. CONDITIONS PRECEDENT

The transaction is subject to the following conditions precedent:

- the approval of a majority of EPP shareholders (excluding Redefine and I Group) in general meeting of the EPP delisting;
- the successful implementation of the EPP reorganisation;
- the approval of Redefine shareholders in general meeting of the placing of a sufficient number of Redefine shares required by Redefine to acquire all EPP shares not already owned by it (excluding the EPP shares owned by I Group) under the control of the directors of Redefine; and
- the fulfilment of all requisite regulatory approvals for the implementation of the Redefine offer, approval from the applicable competition authorities and approval from the JSE and the LuxSE.

6. NATURE OF BUSINESS OF EPP

EPP is a Dutch-based real estate company and the largest owner of retail real estate located in Poland in terms of gross lettable area. As at 30 June 2021, EPP owned a portfolio of 29 retail properties and six high quality office complexes located in the majority of regional cities in Poland. In addition, EPP owns a share of the mixed use Towarowa 22 development in Warsaw. EPP's operations are fully internalised and all asset and property management is housed within EPP.

7. FINANCIAL EFFECTS

The following financial information has been extracted from the unaudited condensed consolidated financial information of EPP for the six months ended 30 June 2021:

Net operating profit (EUR'000)	53 208
Profit for the period (EUR'000)	9 187
Headline earnings per share (EUR cents)	0.9
Earnings per share (EUR cents)	1.0
Distributable earnings per share (EUR cents)	3.66
Net asset value per share (EUR)	1.02
Tangible net asset value per share excluding deferred tax (EUR)	1.12

Redefine shareholders are referred to the EPP announcement released today, which announcement contains financial effects of the proposed transaction on EPP, Redefine and EPP shareholders accepting the Redefine offer.

8. CATEGORISATION

The acquisition of the maximum number of EPP shares under the Redefine offer is categorised as a category 2 transaction in terms of the JSE Listings Requirements and as such is not subject to shareholder approval.

9. WITHDRAWAL OF CAUTIONARY

Shareholders are referred to the cautionary announcement released by Redefine on 8 November 2021, and are advised that as a result of the publication of this announcement, the cautionary is hereby withdrawn, and shareholders are no longer required to exercise caution when dealing in their Redefine shares.

29 November 2021

Corporate advisor and sponsor

JAVACAPITAL

South African legal advisors to Redefine

CDH
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