

## REDEFINE PROPERTIES LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1999/018591/06)

JSE share code: RDF ISIN: ZAE000190252

LEI: 37890061EC026A7DA532

Debt company code: BIRDF

(Approved as a REIT by the JSE)

("Redefine" or "the company")



---

## POSTING OF NOTICE OF ANNUAL GENERAL MEETING INCLUDING THE PROPOSED RESTRUCTURE OF THE REDEFINE EMPOWERMENT TRUST AND PROPOSED AMENDMENTS TO THE REDEFINE EXECUTIVE INCENTIVE SCHEME, AVAILABILITY OF THE INTEGRATED REPORTING SUITE AND BROAD-BASED ECONOMIC EMPOWERMENT ANNUAL COMPLIANCE REPORT

---

Shareholders are advised that Redefine's 2022 integrated report, audited annual financial statements ("**AFS**") for the year ended 31 August 2022 (on which the company's auditors expressed an unqualified audit opinion thereon), environmental, social and governance ("**ESG**") report, as well as the inaugural climate risk report ("**CRR**") and the notice of the annual general meeting (the "**AGM**"), (the "**integrated reporting suite**") has been published and is available on the company's website at: <https://www.redefine.co.za/investors/integrated-reports/latest-integrated-reports>

The notice of AGM which is available at: [https://www.redefine.co.za/view-file/2022\\_AGM\\_report.pdf](https://www.redefine.co.za/view-file/2022_AGM_report.pdf) includes information relating to the proposed restructure of the Redefine Empowerment Trust and proposed amendments to the Redefine Executive Incentive Scheme, the salient details of which are set out below:

### The proposed restructure of the Redefine Empowerment Trust

Redefine established the Redefine Empowerment Trust ("**the Trust**") in terms of a transaction approved by Redefine shareholders in 2015 ("**the Original Transaction**"), whereby the Trust subscribed for 300 000 000 Redefine shares ("**the Subscription Shares**") at an issue price of R10.18 per share. The Subscription Shares were financed by a loan granted by Redefine to the Trust amounting to R3,054 million ("**the Redefine Loan**"). As at 31 August 2022, Redefine shares were trading at R3.80, amounting to an aggregate traded value for the Subscription Shares of R1,140 million, a deficit of R1,914 million to the outstanding balance on the Redefine Loan. As the prospects of the Trust repaying the Redefine Loan and achieving its objectives are unlikely, Redefine proposes amending the Original Transaction to enable the Trust to effectively deliver on its intended objectives and create value for the beneficiaries of the Trust ("**the Proposed Restructure**").

The salient terms of the Proposed Restructure are set out below:

- subject to obtaining shareholder approval, Redefine will make a capital contribution to the Trust ("**Capital Contribution**") of an amount which will be applied in repayment of a portion of the Redefine Loan, thereby reducing the capital on the Redefine Loan to 95% of the value of the Subscription Shares on the payment date;
- the Redefine Loan agreement will be amended in respect of the interest rate payable and the capital repayment terms to enable the Trust to efficiently deliver on its intended objectives; and

- the adoption of an amended and restated deed of trust to cater for the Proposed Restructure and the amendments to the Redefine Loan agreement.

As the Proposed Restructure constitutes an amendment to the Original Transaction, the Proposed Restructure requires shareholder approval in terms of the JSE Listings Requirements. Additionally, the Proposed Restructure requires shareholder approval for the granting of financial assistance in terms of section 44 of the Companies Act 71 of 2008 (“**Companies Act**”).

Full details of the Proposed Restructure, including the conditions precedent and the *pro forma* financial effects, are contained in annexure 1 to the notice of AGM.

### The proposed amendments to the Redefine Executive Incentive Scheme

The Redefine Executive Incentive Scheme (“**Incentive Scheme**”), including a share purchase scheme (“**Purchase Scheme**”) was adopted in 2013 as an incentivisation and retention mechanism by providing employees with an opportunity to receive and own shares in the company in return for their role in delivering on Redefine’s strategy over the long-term. The last awards under the Purchase Scheme were made in December 2015.

Under the Purchase Scheme, participants were offered the opportunity to accept an interest-bearing loan from the company (“**Scheme Debt**”) to fund the acquisition of a certain number of shares (“**Purchase Scheme Shares**”). The Scheme Debt is secured by a pledge and cession *in securitatem debiti* of the Purchase Scheme Shares in favour of Redefine.

A participant is obliged to repay the Scheme Debt together with all accrued but unpaid interest thereon at the earlier of termination of employment or on the 10<sup>th</sup> anniversary of the date on which the Purchase Scheme Shares were awarded. The Purchase Scheme further provides that if the Scheme Debt is not settled in full on the due date for payment, Redefine is entitled to repurchase some or all of the Purchase Scheme Shares and utilise the purchase consideration to discharge the outstanding balance of the Scheme Debt, whilst the participant shall be required to settle any outstanding balance, including accrued but unpaid interest thereon.

As at 31 August 2022, 6 803 337 Redefine shares have been awarded as Purchase Scheme Shares to key employees and directors of Redefine. The outstanding Scheme Debt due on the Purchase Scheme Shares amounts to R77.3 million, comprising R67.1 million capital and R10.2 million accrued but unpaid interest.

As a result of the decline in the Redefine share price since the award of the Purchase Scheme Shares, the current outstanding Scheme Debt exceeds the current market price of the Purchase Scheme Shares which act as security in respect of such Scheme Debt.

The provisions contained in the Purchase Scheme including the requirement to repay the Scheme Debt regardless of the market value of the Purchase Scheme Shares serve to disincentivise participants and enforcing recoverability of the outstanding Scheme Debt in accordance with the existing provisions will cause participants significant financial loss which was not anticipated or intended at the time that the Purchase Scheme Shares were acquired by the participants.

Redefine therefore proposes to make certain amendments to the Incentive Scheme in order to unwind and cancel the Purchase Scheme in its entirety, pursuant to which participants will sell their Purchase

Scheme Shares on-market and use the proceeds to settle part of the Scheme Debt. Redefine proposes thereafter to waive the balance of any outstanding Scheme Debt, releasing participants from their obligation to settle the outstanding Scheme Debt and thereby effectively cancelling the Purchase Scheme.

The salient terms of the proposed amendments to the Incentive Scheme are set out below:

- subject to obtaining shareholder approval, the Purchase Scheme will be amended to provide Redefine with the ability to unwind and cancel the Purchase Scheme and grant authority to Redefine to waive any outstanding Scheme Debt following the disposal of the Purchase Scheme Shares by participants;
- upon implementation of the unwind of the Purchase Scheme, participants under the Purchase Scheme will dispose of their respective Purchase Scheme Shares on-market and the proceeds thereof will be utilised to repay any accrued but unpaid interest and the balance of the proceeds will be used to pay a portion of the outstanding balance of the Scheme Debt; and
- Redefine will waive the net-outstanding balance of the Scheme Debt following the on-market disposal of the Purchase Scheme Shares and finalise the unwind and cancellation of the Purchase Scheme.
- Redefine has obtained a draft advanced tax ruling from SARS which confirms that the cancellation of the Purchase Scheme, in the manner set out above, will fall within the provisions of section 10(1)(nE) of the Income Tax Act 58 of 1962 and shall therefore not give rise to any employees tax.

The net financial impact of the proposed waiver is expected to be approximately R8.7 million, determined with reference to the expected proceeds to be received following the on-market disposal of the Purchase Scheme Shares (at R3.80 per share, being the closing price on 31 August 2022 as per the *pro forma* financial information contained in annexure 1 to the notice of AGM) and the expected credit losses provision of R42.8 million.

The proposed amendments to the Incentive Scheme requires shareholder approval in terms of the JSE Listings Requirements. Additionally, shareholder approval for the waiver of the balance of outstanding scheme debt which constitutes financial assistance in terms of section 45 of the Companies Act is required.

Full details of the proposed amendments to the Incentive Scheme, including the conditions precedent and *pro forma* financial effects, are contained in annexure 1 to the notice of AGM.

The notice of AGM and relevant supporting documentation was dispatched to shareholders today, 15 December 2021.

The AGM will be held at 10:00 on Thursday, 23 February 2023. The last day to trade in order to be participate in and vote at the AGM is Tuesday, 14 February 2023, and the record date for voting purposes is Friday, 17 February 2023.

The AGM will be conducted by electronic communication as contemplated in section 63(2)(b) of the Companies Act and shareholders or their proxies can access the meeting platform at

<https://web.lumiagm.com>. A shareholders' guide is available in the notice of AGM to assist and provide meeting participation guidelines.

Shareholders are hereby notified that the Company's annual compliance report in terms of section 13G(2) of the Broad-Based Black Economic Empowerment Act 53 of 2003 read with the Broad-Based Black Economic Empowerment Amendment Act 46 of 2013, has been published and is available on the company's website at: <https://www.redefine.co.za/about-us/bbbee-and-transformation>

15 December 2022

---

Sponsor

JAVACAPITAL