



Redefine makes firm offer to acquire Annuity

07 March 2014 - In a joint announcement on the JSE's SENS today, Redefine and Annuity Properties informed the market that they have agreed that Redefine will acquire the entire issue capital of Annuity by way of a scheme of arrangement, and Annuity's asset and property management companies.

According to Redefine's offer, Annuity linked unitholders will receive 57.752 Redefine linked units for every 100 Annuity linked units. As a result, Redefine will issue 136.6 million linked units, for which it has unitholder approval. Redefine will also acquire the management companies for a cash consideration of R103 million.

The offer represent a premium of around 9% to Annuity's 30-day clean volume weighted average price (VWAP) and the transaction has been priced at a yield of 8.5%.

Shareholders representing approximately 79% of the issued share capital of Annuity have provided support for the transaction through irrevocable undertakings and letters of comfort.

"We believe that this transaction will be beneficial to both Redefine and Annuity unitholders," says Marc Wainer, CEO of Redefine Properties.

"For Annuity, the transaction maximises the long-term interests of its linked unitholders and protects value in a volatile environment by swapping into a diversified large-cap REIT at a premium."

"For Redefine, the acquisition of Annuity's R2.1 billion property portfolio has been priced at an attractive yield in an environment of scarce investment opportunities. The portfolio is a good match for Redefine, with about 80% of its properties fitting Redefine's investment criteria, of which 30% are key retail assets. It also includes quality office and industrial assets with long leases."

Redefine, a SA REIT, is the second largest listed property company on the JSE, by market capitalisation, with a R24 billion property portfolio spanning 3.125 million square metres of space across 251 properties. It is also invested in a R6 billion portfolio of listed property securities, which includes investments in Fountainhead Property Trust and, providing superior geographic diversification, through Redefine International PLC and Cromwell Property Group.

The transaction is subject to fulfilling various conditions precedent, including approvals by Annuity linked unitholders and the usual regulatory approvals.

Should the transaction go ahead, Annuity linked unitholders will receive a special distribution for the five-month period to 28 February 2014. The acquisition will be effective from 1 March 2014 and Annuity linked unitholders will be entitled to the Redefine income distribution for the period commencing 1 March 2014.



“The proposed transaction is an effective growth course and enables Redefine to substantially advance its investment strategy in a single transaction,” concluded Wainer.

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