

# BREAKING NEWS



**6 September 2016**

## **Redefine Properties successfully raises Euro 150 million secured bonds exchangeable into shares of Redefine International plc**

JSE-listed diversified real estate investment trust Redefine Properties (JSE: RDF) has successfully raised Euro 150 million through the launch of a five year exchangeable bond programme to be listed on the Frankfurt Stock Exchange, with the proceeds to be used in part settlement of the bridge facility used to fund its recent investment into Poland.

The bonds, which were substantially oversubscribed will on maturity be exchangeable into ordinary shares of Redefine International plc (RDI) - RDF currently owns approximately 30.07% in RDI. The bonds will be issued with a interest rate of 1.5%, payable semi-annually in arrear. The initial exchange price of the bonds will be set at an exchange premium of 26.25% to the five day average of the daily volume weighted average prices of a RDI Share listed on the London Stock Exchange plc (the "LSE") commencing on (and including) 5 September 2016. This average price will be subject to a floor of EUR 0.45673 and a cap of EUR 0.51902. The initial exchange price and the initial exchange ratio will be announced by Redefine on or around 9 September 2016.

According to the terms of the bond, RDF will, at maturity or upon early redemption, have the option to settle the bonds by the delivery of the requisite number of RDI shares or in cash or in any combination of cash or RDI shares.

The bonds will be issued at 100% of their principal amount and, will be redeemed at par on 16 September 2021. Holders of the bonds will have the option to require an early redemption of

their bonds on the third anniversary of the issue date, at their principal amount, together with accrued interest. Application will be made to admit the bonds to trading on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange by no later than 90 days following the settlement date.

"The raising of Euro funding is part of our international investment strategy of utilising funding sources in the same currency as the underlying investment to reduce currency risk and to take advantage of low funding costs in Europe," says Redefine Properties financial director, Leon Kok.

An alternative funding mechanism that was considered was issuing a convertible bond, which would convert into RDF shares on maturity, but given the volatility in the South African rand and the higher dividend growth rate this proved to be uneconomical.

The bonds will part fund RDF's strategic investment in Echo Prime Properties (now Echo Polska Properties) in which RDF significantly enhanced its international strategy in June.

On June 1, RDF acquired an initial majority interest in Echo Polska Properties (its stake is now 49.9%) after fulfilling all of the conditions necessary to finalise its investment into a Euro 1.2 billion high-yielding commercial platform comprising 10 retail and 6 office properties in the fast growing Polish market. The deal is the largest ever real estate investment transaction in Poland, as well as the largest ever single transaction of income generating real estate assets in Central Eastern Europe.

RDI will continue to be a strategic holding for RDF.

"We have held a major interest in RDI for a very long time and we expect to maintain this relationship going forward," says Kok.