



Redefine gets the green light from Pivotal's shareholders to acquire quality Pivotal assets as it diversifies local portfolio and gears up for further expansion

29 November 2016 - In one of the largest local property transactions of the year, Pivotal shareholders approved the transaction in which JSE-listed, internationally diversified real estate investment trust Redefine Properties (JSE: RDF) will acquire all the shares in property developer and capital growth fund Pivotal.

Redefine will acquire Pivotal's property portfolio worth R11.8 billion. Pivotal's investors can now participate in a REIT structure and will receive Redefine and Echo Polska Properties (EPP) shares in exchange for their Pivotal shares, offering exposure to foreign currency earnings and diversified income distributions.

In terms of the scheme of arrangement, shareholders in Pivotal receive approximately 138.54 Redefine shares plus 9.38 EPP shares for every 100 Pivotal shares held. Once implemented, Pivotal will be delisted from the JSE and become a wholly owned subsidiary of Redefine, with its staff being absorbed into Redefine.

Redefine CEO Andrew Konig says the deal - which is expected to be implemented in early January 2017 - "ticks all the right boxes where it matters most".

Apart from creating operational efficiencies and having a significant strategic impact, the investment also allows for strong capital optimisation, the ability to engage talent and to further enhance the Redefine's position in the market.

"This deal further diversifies our portfolio by investing in high quality assets, while the share swap limits the use of cash and debt by Redefine," says Konig.

In March 2016 Redefine was involved in the largest single property portfolio transaction in Poland when it broadened its offshore footprint via an investment into EPP and its 1.2 billion euro high-yielding commercial

platform. Pivotal was a co-investor with Redefine acquiring 31 million shares in EPP.

"Pivotal's shares in EPP will be distributed as part of transaction, which is the first step in creating liquidity for EPP," explains Konig. EPP listed on the JSE in September this year.

The flagship property in the Pivotal portfolio is the 70 000sqm Alice Lane precinct in Sandton which offers exciting potential. Notable developments in the portfolio include the Loftus Park mixed use development in Pretoria and the Kyalami Corner shopping centre north of Johannesburg.

"This portfolio is well occupied, with quality tenants and a healthy escalation in leases. It is important we have assets that can withstand these difficult times, with efficiency, tenant traction and potential for capital appreciation. This deal transforms the health of our office portfolio," says Konig.

Konig is excited about the potential of harnessing a significant development pipeline in the region of R2.4 billion.