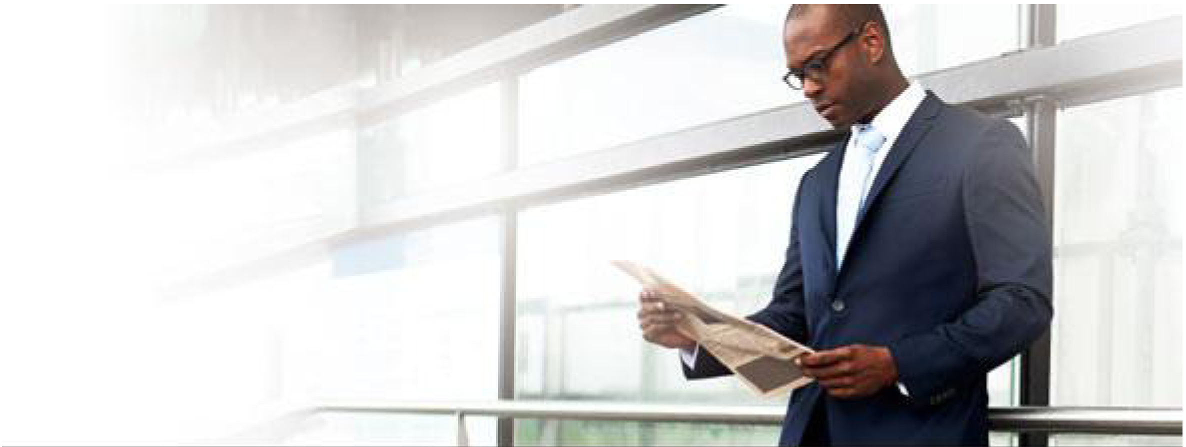

BREAKING NEWS

Redefine PROPERTIES

Johannesburg - 5 July 2018

Redefine continues expansion drive into fast-paced Polish market with EUR 185.8 million logistics deal and priority right to pipeline of 24 new developments

JSE-listed diversified real estate investment trust Redefine Properties continues to expand into the exciting Polish market with the acquisition of a 95% share for EUR 185.8 million (R2.9 billion) in a portfolio of nine operating logistics properties located throughout Poland. It has also entered into a five year exclusive priority right for a pipeline of 24 new warehousing and logistics developments with Panattoni, a market leader in the leasing and development of logistics properties in Europe.

The developed properties are in established logistics locations and were bought from a fund managed by one of the largest United States global asset management companies. The properties have a gross leasable area of 313,507 square metres, are 98% occupied and have a weighted average lease expiry of 3.5 years. Griffin Real Estate, which sourced the transaction, will own the other 5%.

The well-located, modern, high specification portfolio has attracted sought after tenants such as Kaufland, Carrefour, Saint Gobain, Hellmann, Terg (Media Expert), Eurocash, CEVA, BRANDBQ and DSV to name just a few.

Panattoni has to date developed 35% of the modern industrial facilities in Poland and developed the nine operating properties that have been acquired.

The development pipeline consists of 24 identified development opportunities, which total gross leasable area of 1.9 million square meters. Redefine will have the right but not the obligation to acquire and develop these assets.

"This move into the rapidly expanding Polish logistics sector is an exciting opportunity to expand our European brand by building a significant logistics platform," says Redefine CEO, Andrew Konig.

The developed assets being bought have an initial income yield 7.1%, while interest rate and currency volatility has been mitigated through full hedging.

"We accessed offshore funding at competitive pricing and productively deployed a portion of recycled offshore capital, while there is no additional burden to Redefine's resource base. Incremental distributable income will be applied towards our stated intention of phasing out non-recurring income," says Konig.

The Polish industrial market, which has a total supply of 13.9 million square meters of modern industrial and logistics space, is benefiting from a significant increase in demand for logistics space on the back of robust retail growth. National vacancies were at historical lows of 4.8% at the end of the first quarter in 2018.

The sector is also underpinned by strong long-term fundamentals due to recently introduced limitations on agricultural land trades, which is slowing down the development pipeline and increasing the value of zoned land holdings. An increase in construction costs of about 20% during the past year has increased market rentals and is expected to improve the re-letting potential of current supply.

Redefine late last year acquired a strategic 25% stake in Chariot Top Group for R907.9 million, giving it direct access to a retail portfolio of 28 quality, established and well-located assets across Poland. Prior to this Redefine had acquired a majority interest in EPP on 1 June 2016, marking the largest ever real estate investment transaction in Poland, as well as the largest ever single South African transaction of income generating real estate assets in Central Eastern Europe.

"This transaction enhances the geographic and sectoral diversification of our portfolio as we continue to invest strategically in exciting geographies, engage talent, optimise capital, operate efficiently and grow our reputation," concludes Konig.