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Redefine Properties invests in a 1.2 billion Euro high yielding commercial platform in Poland

Today Redefine Properties significantly advanced its international strategy via an initial 75% investment into a 1.2 billion Euro high-yielding commercial platform comprising 18 properties in the Polish market.

This deal has the scale, the right partners and the ability for growth to take a major part of our business to the next level - it is nothing less than a "game-changer". It is the largest ever real estate investment transaction in Poland. It is also the largest ever single transaction of income generating real estate assets in Central Eastern Europe.

The 18 properties tick all the boxes from an investment perspective and allow us to take advantage of what will be positive yield carry. The return profile is attractive with a net operating income yield of 6% and leased net operating income in the region of 77 million Euro. These are all high quality properties with average portfolio occupancy rate of 95% and a large share of modern and sizeable properties.

The deal will be financed via debt and equity at a proposed 60% gearing at the property level.

Why Poland? Well Poland is the largest country and market in Central and Eastern Europe with a population of around 38 million and GDP growth of about 3.5% a year. Importantly, it has a large, stable and liquid real estate market which has become increasingly attractive to foreign investors over the last few years due to its high growth potential and scalability.

Echo Investment is a recognized market leader in the Polish and Central and Eastern Europe commercial and residential property development and investment space, having completed over 115 real estate projects in 37 cities and 4 countries.

A significant benefit of the agreement - which is still subject to the approval of the European Commission, is further complemented by a right of first offer on over 500 million Euro worth of newly developed properties from the large retail and office development pipeline of Echo, with more than 80% of the projects expected to be delivered within the next two years.

Furthermore, Redefine's 25% participation right in these developments gives it access to the exciting growth potential of a pipeline of properties via profit share if these properties are sold to

third parties.

This provides us with a unique path to the leading pure play Polish commercial real estate platform with significant further growth and value upside potential.

With Rand weakness persisting and inflation on the rise in South Africa, we at Redefine believe offshore driven tail winds are anticipated to offset the domestic head winds and will continue to exploit the low interest rates on offer in some jurisdictions.

Apart from the Polish deal, we are also in the process of establishing an investment presence in Spain and diversification into student accommodation in Australia.

Although 2016 is proving to be a tenant's market across all domestic sectors, it is not all doom and gloom for us at Redefine as our geographic diversification now really begins to work for us.

Marc Wainer

Executive Chairman

(Ends)

About Echo Investment: Founded in 1994, Echo Investment is a recognised market leader in the Polish commercial and residential property development and investment space with a strong regional footprint. It has completed over 115 real estate projects in 37 cities and 4 countries, with a total area of more than 1 millionm² of which around 446,000m² is retail and 291,000m² office space. Currently its portfolio includes 138,000m² of real estate projects under construction and 136,000m² in preparation with additional land bank of over 200,000m² for retail and office space in Poland. It has presence in four real estate sectors including housing, shopping, outlets and entertainment centres, office buildings and hotels.

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