Frequently asked questions
12 January 2022

NOTE: for convenience, terms defined in the circular posted to EPP Shareholders on Friday, 17 December 2021 are afforded the same meanings in this document

1.	Why does EPP propose delisting?	• EPP needs to implement a balance sheet reorganization in order to meet its debt maturity commitments. The delisting forms one component of a composite transaction to deliver a solution to EPP's liquidity challenges and is a condition to the overall transaction. • EPP requires Redefine's support to implement the transaction and Redefine requires the delisting of EPP as a condition to its participation in and support of the overall transaction. • The Redefine offer is expected to result in EPP being constituted as a controlled subsidiary of Redefine and it will no longer make economic sense to maintain two listed points of entry into EPP (directly into EPP and indirectly via Redefine)
2.	Why the inter-conditionality of the transactions? Why not implement only the JV transactions (without delisting and/or without the Redefine offer)?	• I Group is utilising its EPP shares to partially fund its stake in EPP Community Properties through the I Group repurchase. Upon implementation of the I Group repurchase, Redefine will (without acquiring any additional EPP shares and by virtue of the reduced issued share capital of EPP) own a controlling stake of EPP, requiring Redefine to consolidate EPP as a subsidiary of Redefine. This accounting consequence is not tolerable to Redefine without the broader EPP balance sheet restructure. • Both JV transactions must (under the contractual arrangements) be implemented to sufficiently reduce EPP's LTV. • EPP requires Redefine's support to implement the transaction and Redefine requires the delisting of EPP as a condition to its participation in and support of the overall transaction.

3.	Why does EPP not manage its liquidity requirements by disposing of properties to fund its commitments and/or retaining distributable income to pay down debt?	• EPP had intended to manage its liquidity requirements towards the lenders to extend or repay loans through a disposal of properties. Unfortunately liquidity and pricing of real estate assets in the Polish market has been significantly impacted by Covid-19 and there is growing risk that the strategy may not deliver the required results within the timeframe required by EPP to meet its debt servicing and repayment obligations. • The company has been withholding dividends but that in itself will be insufficient for EPP to meet its debt servicing or repayment commitments with €879 million loans maturing by 31 December 2022. • The proposed transaction aims to implement the asset disposal strategy on an expedited and managed basis and on a basis that will allow EPP to maintain a significant interest in the portfolios disposed of to the JV structures. • Should the transaction fail, EPP will continue with its strategy to meet debt servicing/repayment commitments and reduce LTV by retaining distributable income and disposing of certain properties. This strategy has, however, proven to be difficult to execute within the required time frame to meet EPP's liquidity obligations, given prevailing market conditions. • Without the transaction EPP is not certain that it will be able to generate sufficient liquidity to meet its debt obligations within the required timeframe.
4.	What amount of debt does EPP have to repay in 2022 and why has management not implemented actions to ensure that EPP can meet its requirements?	• EPP faces significant loan maturities with €879 million maturing by 31 December 2022 (including a corporate facility of €250 million which matures on 31 October 2022). Whilst EPP had expected the corporate debt provider to allow EPP to only pay down part of the of €250 million which matures on 31 October 2022, the relevant debt provider has informed EPP that it requires the full €250 million to be repaid by 31 October 2022. • Management has been working proactively to ensure EPP meets its requirements towards the lenders. Management however needs to work within the constraints presented by the market. In a post Covid-19 world the market for retail property in Poland, and in general in Europe, has been challenging. The transaction presented is considered by management to be an efficient strategy to deal with EPP's liquidity challenges and preserve shareholder value given market conditions and the timing constraints on debt servicing commitments faced by EPP.

5.	Management previously reported that the liquidity issues were all under control and would be met through a responsible asset disposal programme. What has changed?	• Nothing has changed, apart from the investor sentiment towards CEE retail assets not improving as expected and deals requiring a longer timetable to close. It has become severely challenging to conclude disposal transactions with third parties given the uncertainty associated with Covid-19 and a potential further wave in Poland, as well as third parties citing certain geopolitical issues in neighboring countries. • Extensive market engagements have not yielded meaningful offers at acceptable pricing. Management is concerned that without implementing the proposed reorganisation, as liquidity deadlines approach it will be forced by the corporate debt provider to take certain actions to meet its commitments to the corporate debt provider certain of which actions could be value destructive to shareholders. • Initiatives to secure JV partners for EPP have taken more than 12 months and the JV partners have made it clear to EPP that they are only prepared to transact on the terms presented if deals are closed by Q1 2022. • Whilst financial institutions appear supportive of EPP and willing to refinance EPP debt, in most cases, they have indicated their willingness only to do so at lower LTVs, necessitating reduction of EPP's debt facilities (with the exception of the corporate debt provider which requires its credit facility to be repaid by the end of October 2022). • Whilst EPP had expected the corporate debt provider to allow EPP to only pay down part of the of €250 million which matures on 31 October 2022, the relevant debt provider has informed EPP that it requires the full €250 million to be repaid by 31 October 2022. • The transaction provides an accelerated solution to EPP's liquidity and balance sheet issues in line with its existing strategy.
6.	Is the transaction not driven by what Redefine wants rather then what is best for EPP?	• No – the EPP board has assessed and recommended the transaction based exclusively on what it considers to be in the best interests of EPP and its shareholders. • Redefine appointed directors (or directors perceived to be conflicted) and executive EPP directors have not participated in the deliberation or approval of the proposal to be presented to shareholders for approval at the 21 January 2022 General Meeting. • The transaction is demonstrably beneficial for EPP, which will be positioned to pursue growth with a substantially less risky balance sheet and return EPP to a dividend paying position in the short-term. • The delisting will not proceed if not supported by an independent majority of shareholders excluding both Redefine and I Group (which collectively hold c.53.7% of EPP's shares), effectively requiring in excess of 76% support from EPP shareholders.
7.	Do I have to accept the Redefine offer and swap into Redefine shares?	• No, all shareholders are afforded the option not to accept the Redefine offer and to remain invested in a delisted EPP. • Details of this election are contained in the EPP delisting circular posted to shareholders on 17 December 2021.
8.	Why would I support the transaction?	• The EPP board is unanimously of the view that the transaction is in the best interest of EPP and its shareholders. • Whether or not an EPP shareholder accepts the Redefine offer, the proposal will best preserve value for EPP shareholders and significantly de-risk their investment in EPP. • The transaction provides an accelerated solution to EPP's liquidity and balance sheet issues in line with its existing strategy and enables EPP to significantly de-risk its balance sheet, resolve its liquidity issues and return to a dividend paying position in the short-term, which clearly benefits EPP shareholders.

9.	Why would I swap my EPP shares for Redefine shares?	• By electing to swap their EPP shares for shares, EPP shareholders – o obtain access to a stable and predictable income stream in the form of REIT dividends from Redefine; o receive an implied premium to the share price of 8.7% (utilising closing prices on 5 November 2021, which preceeded the first transaction announcement) – equating to an implied R12.93 per EPP share; o benefit from improved liquidity and enhanced ability to monetise their investment via holding liquid Redefine shares; o may retain exposure to a repositioned EPP via Redefine's increased exposure to EPP (c. 30% exposure to Polish assets) o based on the financial effects set out in the announcement released on 29 November 2021 shareholders receive a premium on NAV amounting to R1.43 per share.
10.	EPP shares are trading at about a large (>30%) discount to NAV – why would I sell my shares at such a deep discount?	• EPP shareholders accepting the Redefine offer would be swapping EPP shares for Redefine shares also at a substantially similar discount to NAV (*P:NAV of 0.62 and 0.67 for Redefine and EPP, respectively, based on share prices at 10 January 2022*) • Based on the financial effects set out in the announcement released on 29 November 2021 shareholders swapping for Redefine shares would be obtaining an 8.1% effective premium to EPP NAV.
11.	I paid more than the current market price for EPP shares, why would I sell them now at a lower price?	• The market price of EPP shares (along with effectively all listed real estate companies) have been severely impacted by Covid-19. EPP shareholders are not obliged to swap their EPP shares for Redefine shares and may remain invested in an unlisted EPP. • However, swapping EPP shares for Redefine shares (the price of which has likewise been severely impacted by Covid-19) allows an EPP shareholder to swap NAV value for NAV value (in fact with a NAV uplift) and position an investor to receive improved dividend flows from Redefine shares as well as potential capital uplift due to the anticipated positive impact of the transaction.
12.	Do I need SARB approval to continue holding EPP shares after EPP delists?	• If you are a South African resident shareholder you will require South African Reserve Bank approval to hold unlisted EPP shares as the unlisted EPP shares will constitute a foreign asset for Exchange Control purposes. • EPP shareholders that do not wish or are unable to accept the Redefine offer should establish (from their bank/broker/authorised dealer or other advisor) whether they will be permitted to continue to hold EPP shares post the delisting and/or whether they require any additional Exchange Control approvals to do so, and to ensure that the requisite approvals are secured before the delisting is effected.
13.	If I continue to hold EPP shares post delisting, how do I trade out of the shares?	• Upon EPP delisting from the LuxSE and JSE, all EPP shares will be transferred to an unlisted register, maintained in South Africa. There is no intention to maintain a trading facility for unlisted EPP shares post-delisting. • In regard to any retail investor who for legal or regulatory reasons cannot accept the Redefine offer, Redefine has undertaken to use its best commercial endeavours to, during a 45-day period following closing of the Redefine offer, facilitate, to the extent reasonably practicable, an off-market purchase from any such affected retail investor at the same swap ratio and also otherwise on the same terms and conditions as the Redefine offer, all subject to applicable rules and legislation (including but not limited to applicable securities laws) of the relevant jurisdictions. • Retail investors are advised that there is no guarantee that Redefine is indeed able to facilitate such post-delisting purchase in their relevant jurisdiction.

14.	Is the transaction not merely an exercise in “moving the deck chairs” with EPP still being left in substantially the same position post the delisting?	• No, the transaction holds significant benefits for EPP and the EPP board is unanimously of the view that the transaction is in the best interest of EPP and its shareholders i.e. EPP will be in a demonstrably better position post the delisting. • The transaction enables EPP to significantly de-risk its balance sheet by ensuring liquidity to meet its senior and corporate loan obligations. • The debt in the two JV companies is ring-fenced with no recourse to the EPP balance sheet and measures exist within the JVs to provide for the amortization of debt and capital expenditure required in relation to the respective portfolios. • Introduction of third-party equity into EPP will allow EPP to resolve its liquidity requirements and return it to a dividend paying position in the short-term.
15.	Post delisting what is EPP’s see-through LTV?	• C.55% (calculated based on 100% of the assets and liabilities of EPP’s joint venture investments) but the company would achieve significant benefits of reducing the higher LTV exposure only to the JVs, and thus materially reduce the overall debt exposure of the company.
16.	Given the relatively high levels of gearing in the JV’s does that not still expose EPP’s balance sheet to the same debt and security constraints that it currently faces?	• The debt in the two JV companies is ring-fenced with no recourse to the EPP or Redefine balance sheets. • In respect of EPP Community Properties, which will raise the I Group bank debt, several additional mechanisms are in place to de-risk the EPP balance sheet – o Additional debt in EPP Community Properties will be subordinated to any existing senior debt in EPP Community Properties. o EPP will not be required to provide any security for additional debt in excess of a limited recourse pledge of shares in EPP Community Properties. o I Group will provide a corporate guarantee (or any other required security) to the lender to secure any additional debt introduced by I Group into the JV.
17.	With only joint control of the JVs, what comfort is there that the JVs make distributions to EPP? What comfort is there that the JVs are sustainable, and that the JV shareholders aren’t required to stabilise the JVs in due course?	• The JVs will distribute income in line with their respective distribution policies contained in the shareholders’ agreements of each JV (see paragraphs 14 and 18 of the Circular). • EPP Community Properties JV contains a dividend reinvestment mechanism applicable to I Group that provides for payment of loan amortization and for required capex for the portfolio.

18.	Please explain the M1 JV arrangements: Distribution policy, participation in distributions and exit arrangements?	**<u>Distribution policy and participation in distributions:</u>**
		• As a general distribution policy, M1 JV shall on an-annual basis distribute all net cash flow to its shareholders in the following order of priority:
		  o to funds managed by Pacific Investment Management Company LLC ("**PIMCO Funds**") until PIMCO Funds achieves a return of 8% per annum on its funds invested;
		  o to Redefine Europe until Redefine Europe achieves a return of 5% per annum on its funds invested;
		  o to EPP until EPP achieves a return of 8% per annum on its funds invested; and
		  o thereafter EPP and PIMCO Funds will share in distributions pro rata to their shareholdings
		• "Net Cash Flow" is operating income less costs, taxes, amounts required to pay short-term liabilities, any required debt service payments and increases in reserves as determined by the board
		<u>Exit arrangements:</u>
		• Pre-emptive rights will apply in respect of the disposal of shares by shareholders.
		• The parties will not be permitted to dispose of their shares for an initial period of 4 years, unless pursuant to a mutually agreed exit.
		• After the expiry of a period of 4 years, either EPP or PIMCO Funds will be entitled to require an exit to be implemented. The mechanism of the exit shall be agreed, and could take the form of a disposal of all the shares in the company or a disposal of some or all the assets of the company. In the absence of an agreement, it shall take the form described in paragraph 18 of the EPP delisting circular.
		• In the case of an exit or liquidation M1 Holdco shall distribute all net proceeds to its shareholders in the following order of priority (measured at date of exit and liquidation and taking into account all past distributions):
		  o to PIMCO Funds until PIMCO Funds achieves a return of 8% per annum on its funds invested;
		  o to Redefine Europe until Redefine Europe achieves a return of 5% per annum on its funds invested;
		  o to EPP until EPP achieves a return of 8% per annum on its funds invested;
		  o to PIMCO Funds until PIMCO Funds achieves an internal rate of return of 14% per annum on its funds invested plus €4 million;
		  o to Redefine Europe until Redefine Europe receives an amount equal to its funds invested;
		  o to EPP until EPP achieves an internal rate of return of 14% per annum on its funds invested; and
		  o thereafter EPP and PIMCO Funds will share in distributions pro rata to their shareholdings.

19.	Please explain the EPP Community Property JV arrangements: Distribution policy, participation in distributions and exit arrangements?	**<u>Distribution policy and participation in distributions:</u>** • As soon as is reasonably feasible after the implementation of the delisting and related transactions and subject to all relevant governance considerations at the time and it being fiscally efficient to do so, it is envisaged that EPP Community Properties would distribute an amount materially similar to the I Group bank debt amount (c. €82 million) to all EPP Community Properties shareholders • As a general distribution policy, EPP Community Properties shall on a semi-annual basis distribute all net free cash flow to its shareholders in proportion to their shareholding • Initially, until the earlier of (i) the date on which the I Group bank debt raised in the JV (c. €82 million) is settled in full and (ii) the expiry of a period of 5 years, EPP Community Properties shall on a semi-annual basis distribute all net distributable income to its shareholders in proportion to their shareholding. I Group will (unless otherwise agreed) reinvest all or a portion of its semi-annual dividend received or receivable from EPP Community Properties by subscribing for additional shares in EPP Community Properties, and/or will receive capitalisation shares instead of cash distributions, with such reinvestment or capitalisation shares being issued at the latest reported NAV per share. This arrangement is expected to result in I Group's relative shareholding increasing, and EPP's relative shareholding decreasing, over this initial period. Notwithstanding the aforegoing, EPP or I Group shall be entitled to require the I Group reinvestment to cease if and to the extent that the application of this arrangement would result in EPP's shareholding in EPP Community Properties reducing below 25%. **<u>Exit arrangements:</u>** • Standard pre-emptive rights will apply in respect of the disposal of shares. • EPP will not be permitted to dispose of its shares for an initial period of 2 years, and I Group will not be permitted to dispose of its shares for an initial period of 1 year. • After 4 years, either EPP or I Group will be entitled to require the underlying property portfolio to be unbundled, such that each shareholder will directly hold a number of the underlying properties. Prior to the implementation of such unbundling, the remaining shareholder will have the right to purchase the shareholding of the shareholder which required the unbundling to be implemented, at a price determined by reference to the market value of the underlying properties. • If the shareholders have agreed that a property asset should be sold but cannot agree on the value at which it must be sold, any shareholder may, after the expiry of an initial period of 1 year require such asset to be marketed and sold, subject to the non-exercise of a right of first refusal afforded to the other shareholder.
20.	Do the JV partners have preferred or guaranteed returns to other than as set out above?	• No, all returns are as set out above.
21.	At what discount to book value will the JV investors acquire their interests in the JV Companies?	• M1 HoldCo: PIMCO Funds 8.5% discount to investment properties • EPP Community Properties: I Group 9.2% discount to investment properties
22.	If I accept the Redefine offer will I still have exposure to the EPP Polish property portfolio?	• Yes, post the implementation of the transaction Redefine shareholders will retain c.30% Polish property exposure.

23.	Post delisting – who will manage the EPP portfolio?	• EPP will manage both JV portfolios (asset and property management), in addition to their own, for a management fee of 4% of NOI. • This arrangement allows EPP to recover at least the direct costs it incurs to provide the asset and property management services to each of the JVs.
24.	Without the protection of the JSE Listings Requirements, would I not lose the protections against related party transactions between EPP and Redefine?	• JSE related party provisions will not apply going forward. Dutch Company Law provisions and governance requirements will continue to apply.
25.	If I swap my EPP shares for Redefine shares – what distribution can I expect going forward?	• On 12 January 2022, EPP advised that it expects distributable income per share to be at least €0.075 for the year ended 31 December 2021. • For the year ended 31 August 2021, Redefine reported distributable income per share of R0.5296 and declared a dividend of R0.6012 per share. • No further distributable income or dividend guidance has been provided by either EPP or Redefine. • Redefine resumed payment of dividends for the year ended 31 August 2021. • EPP is not currently in a position to deliver income to its shareholders in the form of dividends.
26.	What will be the tax consequences if I swap from EPP shares into Redefine shares?	• The tax treatment of EPP shareholders accepting the Redefine offer is dependent on the individual circumstances and the jurisdiction applicable to such Redefine offer participants. It is recommended that if Redefine offer participants are uncertain about the tax treatment of the receipt of the Redefine offer consideration, they seek their own appropriate advice in this regard.
27.	Does the proposed transaction address EPP's liquidity concerns, or is there a chance that EPP would still require an equity injection (via Redefine) in future?	• Yes, EPP is of the view that the transaction substantially addresses its liquidity requirements and it is not contemplated that an additional equity raise will be required.
28.	Is the swap ratio of 2.7 Redefine shares per EPP share fair taking into account that Redefine recently paid a dividend of 60.1 cents per share?	• The independent expert's opinion confirming that the 2.7 swap ratio was fair to EPP shareholders to whom the Redefine offer would be made was issued on 7 December 2021 and **after** Redefine had already paid the 60.1c distribution for the year ended 31 August 2021 that it had previously declared. The independent expert accordingly certainly took the Redefine 60.1c distribution into account in formulating the independent expert's opinion as to the fairness of the Redefine offer. The Redefine share price is however only one of a number of factors taken into account by the independent expert in forming its opinion. • A detailed summary of factors considered by the independent expert is set out in its written Fairness Opinion letter replicated in the circular (Annexure 1).
29.	Is it possible for the delisting to be implemented even if the remainder of the associated transactions are not approved by EPP shareholders?	• Implementation of the delisting is contractually conditional upon the remainder of the associated transactions being approved and therefore, unless parties agree to waive contractual conditionality, the delisting cannot be implemented independently of the entire composite transaction.