

Pivotal Confirms The Firm Intention By Redefine To Acquire All Of Its Issued Shares

30 August 2016. The Pivotal Fund Limited ('Pivotal'), a development focused property fund, today confirmed that it has entered into an agreement with Redefine Properties Limited ("Redefine"), in terms of which Redefine has offered to acquire all of Pivotal's issued shares from Pivotal shareholders.

Following the successful implementation of the transaction, Pivotal shareholders will hold 138.54 Redefine shares and 9.38 Echo Polska Properties N.V. ("EPP") shares for every 100 Pivotal shares held prior to the implementation thereof.

Notwithstanding the delivery to date of above average growth in net asset value, Pivotal, as a development focused business, faces a number of external challenges with a stagnant domestic economy, an uncertain political landscape and a rising interest rate environment. Whilst Pivotal's completed portfolio is expected to continue to perform satisfactorily, development activity is expected to remain constrained, affecting development returns in the short to medium-term. Consequently net asset value growth will be negatively impacted whilst the current economic conditions remain difficult.

As an alternative to the current development orientated structure of Pivotal, the scheme offers Pivotal shareholders the opportunity to convert to a REIT structure and receive Redefine and EPP shares from which Pivotal shareholders will benefit due to bi-annual income distributions, exposure to hard currency earnings, enhanced liquidity as well as continued exposure to Pivotal's existing portfolio of A-grade properties.

Pivotal Chief Executive, Jackie van Niekerk commented: ***"As a development focused property fund, we consistently achieved a compounded annual rate of return of 27.8% from February 2012 to February 2016. Within a stagnant domestic economy and rising interest rate environment, we experienced significant pressure on our ability to generate satisfactory development profits and investment returns for our shareholders going forward."***

"We subsequently came to a juncture where we had to weigh up the benefits of becoming a smaller-cap REIT in a highly congested sector, or merge with one of the largest REITs in the JSE's listed property index."

Irrevocable undertakings to vote in favour of the transaction have been received from some of Pivotal's largest shareholders, representing c. 25.2% of the voting power.

Pivotal constituted a sub-committee of the Pivotal board of directors, comprising independent non-executive directors Chris Ewing, Tom Wixley and Tony Dixon to consider the terms of the transaction with independent corporate advisors.

Chairman of the independent board committee, Tom Wixley commented: ***“The independent board and Pivotal’s board recommend the transaction to shareholders as we believe it provides the best way forward for continued value creation in a stagnant economy and uncertain political environment.”***