

Echo Polska Properties N.V.
(Incorporated in the Netherlands)
(Company number 64965945)
JSE share code: EPP
ISIN: NL0011983374
("EPP" or "the company")



ABRIDGED PRE-LISTING STATEMENT – OPENING OF OFFER TO INVITED INVESTORS TO SUBSCRIBE FOR SHARES AND THE PRIMARY LISTING OF EPP ON THE MAIN BOARD OF THE JSE

Abridged pre-listing statement relating to:

- a private placement to raise the Rand equivalent of approximately EUR 100 million, with the right to upscale depending on demand, by way of an offer for subscription to invited investors only for approximately 71.5 million ordinary shares in the share capital of the company, at an issue price, payable in Rand, to be determined by demand and at a EUR:ZAR exchange rate to be hedged by the company and as notified by the company to investors following the close of the offer for subscription on Tuesday, 6 September 2016, and for which an indicative issue price of EUR1.45 per ordinary share has been used in this abridged pre-listing statement (the "**private placement**"); and
- the subsequent listing of all the issued ordinary shares of the company by way of a primary listing in the "Real Estate – Real Estate Holdings and Development" sector on the Main Board of the exchange operated by the JSE Limited (the "**JSE**") (the "**JSE listing**").

This abridged pre-listing statement is not an invitation to the public to subscribe for shares in the company, but is issued in compliance with the JSE Listings Requirements, for the purpose of giving information to the public in relation to EPP and to invited investors in relation to the private placement.

Invited investors will be contacted by and will receive application forms to participate in the private placement in the South African market from the bookrunner, Java Capital. Invited investors who wish to participate in the private placement in the European market are advised to contact the bookrunner for further instructions.

This announcement contains the salient information in respect of EPP, which is more fully described in the pre-listing statement which will be made available to invited investors from today (the "**pre-listing statement**"). For a full appreciation and understanding of EPP, the private placement and the JSE listing, the pre-listing statement should be read in its entirety.

Terms defined in the pre-listing statement bear the same meaning in this abridged pre-listing statement.

1. Incorporation and nature of business

EPP was registered and incorporated in The Netherlands as a private limited liability company on 4 January 2016 and converted to a public company on 12 August 2016. The company's financial year end is 31 December.

EPP is a real estate company that indirectly owns a portfolio of prime retail and office assets throughout Poland, a dynamic Central and Eastern European ("**CEE**") economy with a highly attractive real estate market.

On 1 June 2016, and pursuant to the Redefine transaction, Redefine Properties Limited acquired a 75% stake in EPP's issued ordinary share capital, subsequently reducing its shareholding to just under 50% through the on-sale of EPP ordinary shares to a consortium of selected co-investors. The remaining approximately 25% of EPP's issued ordinary shares is held by Echo Prime Assets B.V., a wholly owned subsidiary of Echo Investment S.A ("**Echo**"), a recognised market leader in Polish commercial and residential property development and investment.

EPP was listed on the Euro MTF market of the Luxembourg Stock Exchange (“**LuxSE**”) on Tuesday, 30 August 2016, which constitutes a primary listing.

2. Listing on the JSE

The JSE has granted EPP a primary listing of all of its issued shares in the “Real Estate- Real Estate Holdings and Development” sector on the Main Board of the JSE, under the abbreviated name “PolskProp” and JSE share code “EPP”, with effect from the commencement of trade on Tuesday, 13 September 2016. This will be a foreign inward listing. Pursuant to the listing on the JSE, EPP will have a dual primary listing on the LuxSE and the JSE.

The JSE listing is not conditional on raising a minimum amount in terms of the private placement, but is subject to the company having satisfied the requirements of the JSE Listing Requirements regarding the spread of shareholders, being public shareholders holding not less than 20% of the issued ordinary share capital of the company at the point of listing on the JSE.

3. Prospects

EPP has a high quality portfolio of Polish commercial properties with attractive and secure yields, tenanted by a diverse range of primarily blue-chip global clients. With the predominantly retail portfolio located in one of the most dynamic and fastest growing economies in Europe, experienced management and well reputed strategic partners, EPP represents a compelling investment.

Already the largest listed Polish yielding property company, EPP’s goal is to become the dominant retail landlord in Poland while targeting sustainable double digit annual growth in dividends per share in the short and medium term through a combination of organic and acquisitive growth.

Organic growth will be achieved through growth opportunities that are already built into the EPP portfolio including (i) filling of vacancies in newly developed properties; (ii) 22,000m² of retail extensions to two of the company’s existing retail centres that are currently underway; (iii) a 25% stake in ten assets subject to a right of first offer (“**ROFO**”) in favour of EPP acquired by EPP (which entitles EPP to a 25% share in development proceeds as well as a first right of offer to acquire such assets); (iv) a 70% stake in an 110 000m² retail development in Warsaw.

There is also the potential to increase retail rentals through a combination of the current high levels of retail sales growth in Poland and the active asset management of EPP’s portfolio of dominant regional shopping centres by a strongly incentivised, dedicated and proven executive management team who intend leveraging EPP’s platform with retail tenants to achieve higher rentals.

In addition to organic growth, EPP’s executive management team has access to numerous earnings accretive acquisitive opportunities, including through its strategic relationships with Echo and Griffin Real Estate, a leading, dynamically developing investor operating in the CEE real estate market. These relationships provide the company with a significant advantage in the identification and sourcing of high quality real estate assets.

EPP’s acquisition strategy will be focused on acquiring retail assets in strategic locations, allowing the company to further leverage its portfolio and platform with retail tenants. In the office sector, EPP may selectively acquire high quality, well located office assets in major Polish cities, let to strong international and domestic tenants where the management team believes there is scope for further value uplift. EPP will pro-actively trade office assets to ensure that its portfolio remains balanced and competitive in the long term while maintaining a weighted average unexpired lease term in excess of four years. EPP will also closely monitor the logistics and fulfilment centre sectors for acquisition opportunities that meet its strategic criteria.

In addition to opportunities for growth in distributions per share, the company believes that there are significant opportunities for growth in underlying net asset value per EPP share. The Warsaw retail development, the ROFO assets and the extensions to certain existing retail assets all represent the potential for (in some cases substantial) enhancements in underlying net asset value of EPP given the costs at which they are being acquired and/or developed relative to the anticipated valuation yields. Given the strength and growth of the Polish economy (as well as the potential upgrading of Poland by FTSE from advanced emerging to developed market status in the near future) the company also believes that there is the potential for further compression in Polish commercial property yields, which would in turn result in an increase in the value of the EPP portfolio.

EPP's listing on the JSE and LuxSE is anticipated to provide it with significantly improved access to expansionary capital and provide existing and future shareholders with an opportunity to invest in a highly-attractive European economy.

4. Directors

Names, age and nationality	Business address	Qualification	Capacity
Hadley James Tyzack Dean 44 British	ul. Konstruktorska 12 02-673 Warszawa Poland	BSc (University of Newcastle-upon-Tyne), Property valuation and management (Sheffield Hallam University)	Chief executive officer
Maciej Adam Drozd 51 Polish	ul. Konstruktorska 12 02-673 Warszawa Poland	Master's degree in Philosophy and Management (university of Warsaw), MBA (University of Illinois)	Chief financial officer
Robert Weisz 66 Dutch	Rubensstraat 66 1077 MZ Amsterdam	MBA, CA, Fellow of the RICS (Royal Institute of Chartered Surveyors)	Chairman, independent non-executive director
Marek Marian Belka 64 Polish	17 Ciecocińska 93-459 Lodz Poland	Ph.D (Economics); Professor (scientific title conferred by the President of the Republic of Poland)	Independent non-executive director
Marc Wainer 67 South African	Redefine Place 2 Arnold Road Rosebank Johannesburg	Executive chairman of Redefine Properties. Over 40 years' experience in all aspects of real estate	Non-executive director
Andrew Joseph König 48 South African	Redefine Place 2 Arnold Road Rosebank, Johannesburg	BCom, B Acc, CA(SA)	Non-executive director
Maciej Dyjas 52 German	Al. Jana Christiana Szucha 6, 00-582 Warszawa	Degrees in Mathematics, IT and Management from University of Warsaw and University of Stuttgart	Non-executive director
Nebil Senman 44 German/Turkish	Al. Jana Christiana Szucha 6, 00-582 Warszawa	Chartered Surveyor(RICS), post-graduate diploma in real estate management from EBS, Master's degree in Civil Engineering and Business Administration from TU Berlin, Master's degree in International Management from	Non-executive director

Names, age and nationality	Business address	Qualification	Capacity
		ESCP-EAP	
Dionne Traci Hirschowitz 48 South African	51 West Street Houghton Estate Houghton Johannesburg	BCom; LLB	Independent non-executive director
Andrea Philippa Steer 45 South African/Irish	Dienmermere 25 1112 TC Diemen The Netherlands	B Com; LLB, Attorney of the High Court of South Africa, Solicitor of England and Wales	Independent non-executive director
Peter Joost Rudolf Driessen 69 Dutch	Niueweweg 2 1251 LJ Laren The Netherlands	MSc in Law	Independent non-executive director

5. Asset management

EPP's asset and property management function is undertaken internally by a strongly incentivised, dedicated and proven management team (EPP employs *circa* 100 employees), subject to strategic oversight by Echo. Each management team member has 15-20 years' experience in asset management covering all areas.

6. Summarised forecast information

Set out below are the summarised forecast statements of comprehensive income of the EPP group ("**summarised forecasts**") for the period from incorporation to 31 December 2016 and the year ending 31 December 2017 ("**forecast periods**"). The summarised estimate and forecast information is based on the assumption that the private placement is fully subscribed and that EUR 100 million is raised through the issue of approximately 71.5 million private placement shares in the company at an issue price of EUR1.45 per private placement share.

The forecasts include actual figures from incorporation to 31 May 2016 and forecast figures for the duration remainder of the forecast periods.

The forecasts have been prepared in compliance with IFRS and in accordance with EPP's accounting policies.

	Forecast for the period from incorporation to 31 Dec 2016	Forecast for the year ending 31 Dec 2017
Number of shares in issue	585 999 168	585 999 168
Weighted average number of shares in issue and to be issued	468 298 631	585 999 168
Basic and diluted basic earnings per share (EUR cents)	14.37	10.33
Headline and diluted headline earnings per share (EUR cents)	13.26	10.89
Distributable income per share (before withholding tax) (EUR cents)	5.85	10.84
Distributable income per share (after withholding tax of 5%) (EUR cents)	5.56	10.30

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of EPP. The forecasts must be read in conjunction with the independent reporting accountants' limited assurance report, which is presented in Annexure 14 of the pre-listing statement.

The figures set out above are extracted from the detailed estimate and forecast for the period from incorporation to 31 December 2016 and the year ending 31 December 2017 and have been reported on by the independent reporting accountant, Ernst & Young Inc., Registered Auditors. The detailed forecast, the independent reporting accountants' limited assurance report and the assumptions on which the detailed forecast are based, are set out in the pre-listing statement.

7. Details of the private placement, underwriting and investor pre-commitments

A private placement to raise the Rand equivalent of approximately EUR 100 million, with the right to upscale depending on demand, is being undertaken by way of an offer, to invited investors only, for subscription for approximately 71.5 million ordinary shares in the share capital of the company, at an issue price, payable in Rand, to be determined by demand and at a EUR:ZAR exchange rate to be hedged by the company and as notified by the company to investors following the close of the offer for subscription on Tuesday, 6 September 2016, and for which an indicative issue price of EUR1.45 per ordinary share has been used in this abridged pre-listing statement.

Applications must be for a minimum subscription of R1 000 000 per investor acting as principal.

The private placement has been underwritten by an underwriting consortium in an aggregate amount of EUR 100 million.

Prior to the issue of this abridged pre-listing statement, EPP received binding commitments from new investors to subscribe for *circa* R1 billion of EPP shares (*circa* €62 million) at an issue price of EUR1.45 per ordinary share.

This abridged pre-listing statement primarily concerns invited investors who may apply to subscribe for private placement shares that will be listed in the South African Market. Invited investors who wish to apply for private placement for shares to be listed in the European market are advised to contact the bookrunner for further instructions

8. Purposes of the private placement

It is considered that EPP will present an attractive opportunity to South African investors to invest in a foreign-domiciled but local-listed alternative to South African property investments. It is the view of the board of directors of EPP that South African property investors who have enjoyed strong and stable returns from the South African real estate sector over the last few years now see comparatively attractive value in carefully selected opportunities in real estate markets outside South Africa. Accordingly, EPP is seeking a listing on the JSE to broaden its investor base, source additional capital to fund growth aspirations, and to:

- provide investors, both institutional and private, with an opportunity to participate over the long-term in the income streams and future capital growth of the company;
- enhance potential investors' awareness of the company;
- improve the depth and spread of the shareholder base of the company, thereby improving liquidity in the trading of its securities;
- raise the Rand equivalent of approximately EUR 100 million, with the right to upscale depending on demand; and
- provide invited investors with an additional market for trading the company's ordinary shares.

The shares to be issued in terms of private placement will be allotted subject to the provisions of the company's articles of association and will rank *pari passu* in all respects, including dividends, with all existing issued ordinary shares in the company.

There are no convertibility or redemption provisions relating to any private placement shares.

The private placement shares will not be issued in certificated form.

No fractions of private placement shares will be offered.

9. Salient dates and times

2016

Opening date of the private placement at 09:00 on	Wednesday, 31 August
Closing date of the private placement at 12:00 on	Tuesday, 6 September
Results of the private placement released on SENS and on the LuxSE website on	Tuesday, 6 September
Notification of allotments to successful invited investors from	Wednesday, 7 September
Results of private placement published in the press on	Thursday, 8 September
Listing of the private placement shares on the Euro-MTF market at the commencement of trade on	Tuesday, 13 September
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders	Tuesday, 13 September

Notes

- 1 All references are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and the LuxSE website and published in the press.
- 2 Invited investors must advise their CSDP or broker of their acceptance of the private placement shares in the manner and cut-off time stipulated by their CSDP or broker.
- 3 CSDPs effect payment on a delivery-versus-payment basis.

10. Application of proceeds

The proceeds from the private placement will be used by EPP to settle the costs associated with the private placement and the listings on the LuxSE and the JSE, as well as to pay advisory fees and partially fund the purchase of five additional properties as more fully detailed in the pre-listing statement.

11. Availability of the pre-listing statement

Copies of the pre-listing statement may be obtained during normal business hours on business days from Wednesday, 31 August 2016 to Tuesday, 13 September 2016 at the following addresses, as well as on the company's website at www.echo-pp.com :

- **Echo Polska Properties N.V.**
Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands
- **Java Capital Proprietary Limited**
6A Sandown Valley Crescent, Sandown, Sandton, 2196
Attention: Kevin Joselowitz/Tamsyn de Beer
email: EPP@javacapital.co.za
- **M Partners**
56, rue Charles Martel L-2134, Luxembourg
- **Computershare Investor Services Proprietary Limited**
70 Marshall Street, Johannesburg, 2001.

31 August 2016

Corporate advisor, JSE sponsor and bookrunner in respect of the private placement

JAVACAPITAL

LuxSE listing agent

M Partners

Independent reporting accountants and auditors



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