

BALWIN PROPERTIES LIMITED
(previously Balwin Properties Proprietary Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2003/028851/06)
Share code: BWN
ISIN: ZAE000209532
("Balwin" or "the Company")

TRANSCEND RESIDENTIAL PROPERTY FUND LIMITED
(Approved as a REIT by the JSE)
(Incorporated in the Republic of South Africa)
Registration number 2016/277183/06
JSE share code: TPF
ISIN: ZAE000227765
("Transcend" or "the Company")

VOLUNTARY ANNOUNCEMENT REGARDING A STRATEGIC ALLIANCE WITH THE INTENTION TO DELIVER UP TO 8,900 AFFORDABLE RENTAL APARTMENTS WORTH AN ESTIMATED R6.4 BILLION BETWEEN BALWIN AND TRANSCEND

It is the intention of both Balwin and Transcend to bring to market up to 8,900 quality affordable rental apartments across five developments in key Gauteng nodes over the next six years.

Balwin will be responsible for the design and construction of each development and sectional title apartment. Balwin will also market and secure lease agreements for the apartments with prospective tenants. Transcend will then have the opportunity to purchase fully tenanted apartments in phases from Balwin. Transcend's intention is to participate in all five developments although they will be treated and reviewed independently.

Steve Brookes, CEO of Balwin Properties commented: ***"Today's announcement is fantastic news for the rental housing market in South Africa. The planned developments worth an estimated R6.4 billion will see us deliver up to 8,900 premium apartments expertly designed to offer quality finishes not yet seen in the affordable rental market."***

"Furthermore, Transcend's focus on predominantly walk-up apartments strategically located in desirable neighbourhoods and often equipped with lifestyle-enhancing facilities is perfectly in line with Balwin's proven development model and popular design."

"This new rental product supplements our existing build-to-sell business and we have put in place capacity to support the additional volumes over and above the approximately 3,000 apartments which we already deliver every year."

Subject to the requisite approvals, "Green Park", comprising of approximately 1,200 apartments, is the first development earmarked for this alliance. Located in Boksburg, the first apartments are expected to be delivered to Transcend in early 2018. The development, amongst other lifestyle facilities, will make use of solar energy solutions and provide high speed fibre connectivity.

Transcend is a Real Estate Investment Trust (REIT) created by the private equity group, International Housing Solutions (IHS) and listed on the JSE in 2016. Transcend focuses on specialised residential property assets and currently holds a portfolio of 13 properties, comprising 2,472 units, located primarily in Gauteng, as well as the Western Cape and Mpumalanga. As with Transcend's existing portfolio, IHS will continue to provide the asset management services to Transcend on the acquired apartments through IHS Property Management Proprietary Limited.

Rob Wesselo, CEO of Transcend, said: ***"This alliance is perfectly in line with our strategy to focus on a defensive asset class, that delivers affordable housing rentals to a heavily underserved portion of the real estate market outside of conventional inner-city residential rental housing. Rentals will be aligned with Transcend's portfolio and are expected to range from R4,000 to R8,000 which is currently the sweet spot for a growing middle class in South Africa's urban centres."***

A memorandum of understanding has been signed, as at 18 August 2017, detailing this strategic alliance. Furthermore, the strategic alliance remains subject to the fulfilment of certain conditions including various regulatory, shareholder and other approvals to the extent required.

None of the information referenced in this announcement has been reviewed or audited.

Johannesburg
21 August 2017

Financial Adviser & Sponsor to Balwin
Investec Bank Limited

Financial Adviser & Sponsor to Transcend
Java Capital