

EMIRA PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa

(Registration number 2014/130842/06)

JSE share code: EMI ISIN: ZAE000203063

JSE Bond Company Code: EMII

(Approved as a REIT by the JSE)

(“Emira” or “the Company”)



DISPOSAL OF INTEREST IN ENYUKA

1. INTRODUCTION

Shareholders are advised that Emira has concluded a transaction to dispose of its shareholding in Enyuka Prop Holdings Limited (“**Enyuka**”), for an aggregate consideration of R638.6 million (the “**Transaction**”).

Enyuka is a rural and lower living standards Measure (“**LSM**”) retail venture between Emira (49.9%) and Oneeighty Holdings Two Proprietary Limited (“**OEH2**”) (50.1%), which owns 24 lower LSM retail centres in South Africa. The Transaction forms part of Emira’s strategy to recycle capital through the disposal of non-core assets. The net proceeds of the Transaction will be used to reduce Emira’s debt.

2. TERMS OF THE TRANSACTION

Consideration

Emira will dispose of the Enyuka ordinary shares held by Emira (the “**Enyuka Ordinary Shares**”) to OEH2, for an aggregate purchase consideration of R2 700 499. In addition, Enyuka will repurchase the Enyuka A shares held by Emira (the “**Enyuka A Shares**”) as well as the shareholder loan advanced by Emira to Enyuka (the “**Emira Loan**”) (collectively the “**Linked Units**”) for an aggregate consideration of R635 915 496, being the value of the Linked Units as reflected in the financial statements of Enyuka as at 30 June 2021, plus any accrued and unpaid interest on the Emira Loan.

The total purchase consideration for the Enyuka Ordinary Shares and the Linked Units will be paid in cash on the closing date.

Vendor Loan

To enable and facilitate the Transaction, Emira will on the Closing Date advance a vendor loan of R100 million to OEH2 (the “**Vendor Loan**”) which OEH2 will advance as a shareholder loan to Enyuka. The Vendor Loan will bear interest at the prime rate of interest of the Standard Bank of South Africa (“**Prime**”) plus 3% for 36 months and will be repaid in full 36 months after the Closing Date. If the Vendor Loan is not repaid at the end of the initial 36 month period, it will bear interest at Prime plus 4% for 12 months and if not paid at the end of that 12 month period, it will bear interest at Prime plus 5% for the final 12 month period. Interest is payable monthly in arrears. As security for the Vendor Loan, the Enyuka Ordinary Shares acquired, together with all rights and title to the shareholder loan advanced by OEH2 to Enyuka, will be pledged and ceded to Emira by OEH2.

Conditions Precedent

The Transaction remains subject to the fulfilment, or waiver (as the case may be) of the following conditions precedent:

- OEH2 raising the finance necessary for it to acquire the Enyuka Ordinary Shares from Emira and Enyuka to buy-back the Emira A Shares and repay the Emira Loan;
- Enyuka's lenders approving the Transaction;
- all agreements required to give effect to the Transaction being concluded and becoming wholly unconditional; and
- the Transaction having been unconditionally approved by the Competition Commission, Competition Tribunal and/or Competition Appeal Court (if necessary).

Closing Date

The closing date of the Transaction shall be the date on which the funders of OEH2 have confirmed that the last of the relevant mortgage bond(s) required to advance the funding to OEH2 have been registered over the properties owned by Enyuka at the relevant Deeds Office(s) and consequent payment of the purchase consideration for the Enyuka Ordinary Shares and the Linked Units, which shall be as soon as is reasonable and practicable after the conditions precedent to the Transaction have been fulfilled or waived (the "Closing Date") (as the case may be).

3. FINANCIAL INFORMATION

The net expected cash proceeds from the Transaction are approximately R538 615 995.

As at 31 December 2021, the value of Emira's total investment in Enyuka, being the loan advanced (excluding any accrued and unpaid interest) and equity accounted investment less any impairment, was c.R624 150 000. The profit after tax attributable to the net assets of Enyuka for the 6 months ended 31 December 2021 was R37 589 000. This information has been extracted from Emira's unaudited interim financial statements for the 6 months ended 31 December 2021, which were prepared in terms of Emira's accounting policies and International Financial Reporting Standards.

4. CATEGORISATION OF THE TRANSACTION

The Transaction is categorised as a Category 2 transaction in terms of the JSE Listings Requirements and as such is not subject to shareholder approval.

Bryanston
18 May 2022

Sponsor

Questco Corporate Advisory Proprietary Limited

Debt Sponsor

Rand Merchant Bank (a division of FirstRand Bank Limited)