

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”)



EXTENSION OF BEE TRANSACTION

1. INTRODUCTION

Shareholders and noteholders are referred to the Black Economic Empowerment (“BEE”) transaction concluded by Emira in May 2027 in terms of which 26 133 364 Emira shares in aggregate (the “Subscription Shares”) were issued for cash to Letsema Holdings Proprietary Limited (“Letsema”) and Tamela Holdings Proprietary Limited (collectively, the “BEE Shareholders”), such that, after such issue, each of the BEE Shareholders held 2.5% of Emira’s total shares in issue (the “BEE Transaction”).

As shareholders and noteholders were advised at the time, the BEE Transaction was funded as follows:

- 10% cash;
- 40% loan from a third party (the “Lender”) (the “Third Party Loan”); and
- 50% vendor finance from Emira (the “Vendor Loan”).

The Third Party Loan and Vendor Loan were provided for a 5 year period which expired on 27 June 2022.

The Third Party Loan is secured by 100% of the Subscription Shares. The Lender has the ability to dispose of the Subscription Shares at any time if the market value thereof, based on the 5-day volume weighted average price (“VWAP”), is less than 1.6 times the Third Party Loan or if the closing price of Emira shares is less than 1.5 times the Third Party Loan (each a “Trigger Event”). The Vendor Loan is secured by a reversionary cession and pledge over the Subscription Shares.

On 3 April 2020, Emira entered into a guarantee agreement (the “Guarantee”) with the Lender, in terms of which Emira irrevocably and unconditionally guaranteed as a separate, principal and independent obligation to and in favour of the Lender, the payment and performance of the obligations of the BEE Shareholders arising from in connection with the Third Party Loan, for a maximum guarantee amount of c.R72.9 million for each of the BEE shareholders, or c.R145.8 million in total.

2. EXTENSION OF BEE TRANSACTION

Shareholders and noteholders are advised that addenda to the Vendor Loan, Third Party Loan, Guarantee and the relationship agreement between Emira and the BEE Shareholders (the “Relationship Agreement”) (collectively the “BEE Extension”) have been concluded in order to extend the term of the BEE Transaction to 30 June 2027, including the lock-in period, such that the BEE Shareholders may not dispose of the Subscription Shares prior to 23 June 2027 (the

“Lock-in Period”). The Emira board of directors is of the view that the BEE Extension is in the best interests of the Company and its shareholders for, *inter alia*, the following reasons:

- if the BEE Extension were not concluded, the Lender would be entitled to dispose of sufficient Emira shares to settle the outstanding balance of the Third Party Loan, in full or in part. Based on the closing price of Emira shares on the JSE Limited (the “JSE”) on 27 June 2022 of R9.61, c.15.2 million Emira shares would either need to be disposed on market or repurchased by the Company (the “Involuntary Disposal”). The Involuntary Disposal would likely have a materially negative impact on the price at which Emira shares trade and result in a swift reduction in value for Emira shareholders;
- the Involuntary Disposal would result in the loss of the reversionary cession and pledge under the Vendor Loan, negatively impacting the ability of the BEE Shareholders to repay the Vendor Loan, the reported outstanding balance as at 31 December 2021 being R86.2 million each; and
- the Involuntary Disposal would result in Emira losing its 5% direct BEE shareholding, which would have a material effect on Emira’s BEE rating. This in turn would negatively impact Emira’s commercial attractiveness as a landlord and could negatively impact tenant retentions and future letting activities.

In terms of the addendum to the Relationship Agreement, should the BEE Shareholders wish to dispose of the Subscription Shares upon the expiry of the Lock-in Period, the BEE Shareholders must first offer the Subscription Shares to Emira, which, for a period of 7 days, will be entitled to buy back all or some of the Subscription Shares at the 45 day VWAP, determined as at 23 June 2027. If the BEE Shareholders are entitled, permitted or required to dispose of any of the Subscription Shares prior to the expiration of the Lock-in Period, the BEE Shareholders must first offer the Subscription Shares to Emira, which, within two days of receiving such offer, will be entitled to buy back all or some of the Subscription Shares at the 45 day VWAP.

Should the Lender’s asset cover ratio fall below 1.6:1, the addenda to the Third Party Loan require the Asset Cover Ratio to be restored to 2.5:1 (previously 2.1:1), through the cession and pledge of additional Emira Shares to the Lender.

Following receipt by the Lender of 50% of any distribution payable by Emira in respect of the Subscription Shares, the addenda to the Guarantee provide that Emira will be entitled to a rebate in an amount equal to 0.85% of the Loan.

The remaining terms of the BEE Transaction are unchanged.

3. RELATED PARTY TRANSACTION

Insofar as Letsema is an associate of Derek Thomas (a director of Emira), the BEE Extension constitutes a small related party transaction in terms of the JSE Listings Requirements. The BEE Extension is not subject to shareholder approval.

The independent directors of Emira have appointed Moore Corporate Services Cape Town (Pty) Ltd as the independent professional expert (“Independent Expert”) to consider the terms and conditions of the BEE Extension.

The Independent Expert has considered the terms and conditions of the BEE Extension and is of the opinion that they are commercially reasonable. A copy of the Independent Expert’s Opinion

is available for inspection at the Company's registered office for a period of 28 days from the date of this announcement or may be requested via email from sponsor@questco.co.za.

Bryanston
29 June 2022

Sponsor

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