

TRANSCEND RESIDENTIAL PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2016/277183/06

JSE share code: TPF

ISIN: ZAE000227765

(Approved as a REIT by the JSE)

(“**Transcend**” or the “**Company**”)



FIRM INTENTION ANNOUNCEMENT REGARDING A GENERAL OFFER BY EMIRA TO ACQUIRE TRANSCEND SHARES

1. Introduction

Shareholders are advised that Transcend has received written notice from Emira Property Fund Limited (“**Emira**” or the “**Offeror**”) of Emira’s firm intention to make a general offer to acquire up to 100% of the Company’s ordinary shares in issue, other than those ordinary shares already owned by Emira (the “**General Offer**”).

Emira proposes the General Offer in terms of section 117(1)(c)(v) of the Companies Act 71 of 2008 (the “**Companies Act**”), read with Chapter 5 of the Companies Regulations promulgated under the Companies Act (the “**Takeover Regulations**”).

This announcement constitutes a firm intention announcement in terms of regulation 101 of the Takeover Regulations.

2. Appointment of a Transcend independent board

Transcend has appointed Robert Emslie, Faith Khanyile, Michael Falcone and Michelle Dickens (together, the “**Independent Board**”) to fulfil the role of an independent board in terms of the Takeover Regulations.

3. Terms and conditions of the General Offer

The material terms of the General Offer are as follows:

3.1. *The General Offer and General Offer consideration*

Emira has informed Transcend that it intends to offer a cash consideration of R5.38 per Transcend ordinary share on an *ex-distribution* basis (the “**Offer Price**”). Subject to the fulfilment of the conditions precedent to the General Offer (as set out in paragraph 3.2 below), the Offer Price will be payable against delivery of ownership of the relevant Transcend shares into the Offeror’s name.

Emira has assumed that the General Offer will be finalised after the last day to trade (the “**interim LDT**”) to receive a distribution that Emira has assumed Transcend will declare for its interim financial period of the six months ended 30 June 2022 (the “**interim distribution**”). On this assumption, Emira proposes to escalate the Offer Price for the period between any interim LDT and the date on which Emira announces that the General Offer has become unconditional and that payment is capable of being made in respect of the General Offer, in accordance with regulation 102(12) of the Takeover Regulations (the “**Offer Finalisation Date**”), on the basis that, in its view, a REIT share accrues an annual distribution equally, on a straight line basis, on a 365-day period. In calculating the amount by which the Offer Price will be escalated, Emira has assumed that in due course Transcend will have declared and paid a total dividend in respect of its financial year ending 31 December 2022 (“**FY22**”) of 57.04 cents per Transcend ordinary share, in which event this amount less the amount of any interim distribution will accrue to Transcend shareholders on a *pro rata* basis and be calculated based on the number of days between the interim LDT and the Offer Finalisation Date. Emira has not proposed to escalate the Offer Price after the Offer Finalisation Date and Transcend shareholders are advised that, in terms of the Takeover Regulations, the General Offer must remain open for acceptances for at least 10 business days following the Offer Finalisation Date.

As regards Emira's assumptions to its proposed escalation to the Offer Price, Transcend shareholders are reminded of the following:

- in December 2021, Transcend undertook a share issuance in relation to which it published a presentation (available on its website) in which it provided forward yield guidance of 12.5% on a proposed issuance price, translating to a dividend of 57.50 cents per Transcend ordinary share for FY22. This guidance has not been withdrawn by Transcend;
- on 14 February 2022, Transcend announced that it expects the growth in distribution per share for FY22 to be at least in line with the growth in distribution per share for the year ended 31 December 2021, being 1.15%; and
- Transcend typically declares and announces an interim dividend approximately 45 days after the end of its interim period (being the six months to 30 June).

In its written notice, Emira indicated that it will require confirmation from Transcend that the accounting treatment and basis of declaration of any distribution is in line with prior policies and that the full year distribution does not materially exceed the 57.04 cents per Transcend ordinary share referred to above, without the prior approval of Emira. Emira does not make its General Offer conditional on any confirmation from Transcend.

3.2. *Conditions precedent to the General Offer*

The General Offer will be subject to the fulfilment of the following conditions precedent by no later than 30 November 2022 (or such later date that may be agreed between Emira and the Takeover Regulation Panel):

- 3.2.1. all approvals, consents or waivers being obtained from the South African regulatory authorities as necessary, including the JSE, Takeover Regulation Panel and the South African Reserve Bank; and
- 3.2.2. the receipt of approval in writing from the South African Competition Authorities to the extent required.

4. **Cash Confirmation**

The Offeror has informed Transcend that it has delivered an irrevocable unconditional guarantee to the Takeover Regulation Panel in accordance with regulations 111(4) and 111(5) of the Takeover Regulations and in favour of Transcend shareholders for the sole purpose of fully satisfying the Offeror's cash commitments in respect of the General Offer.

5. **Beneficial interest in Transcend of the Offeror, persons related to the Offeror and/or persons acting in concert with the Offeror**

The Offeror has disclosed the following beneficial interests in Transcend held by the Offeror, persons related to the Offeror and/or persons acting in concert with the Offeror:

Shareholder	Number of shares	% of issued shares
Emira Property Fund Limited	66 697 178	40.69
Total	66 697 178	40.69

6. **Transcend shareholder support**

Emira has informed Transcend that it has an undertaking from the Public Sector Pension Investment Board (“PSP”) to tender their Transcend shares in terms of the General Offer. PSP currently holds 27 332 926 Transcend shares either as principal or on behalf of clients, representing 16.7% of Transcend shares in issue.

7. **Posting of circulars**

Emira has informed Transcend that it anticipates issuing its offeror circular, within 20 business days after the publication of this firm intention announcement.

Further details on the General Offer and the Transcend offeree response circular will be provided in due course.

8. Responsibility statement

The Independent Board accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to Transcend is true and this announcement does not omit anything that is likely to affect the import of such information.

13 July 2022

Corporate advisor and transaction sponsor

JAVACAPITAL

Legal advisor

WEBBER WENTZEL

in alliance with > **Linklaters**