

TRANSCEND RESIDENTIAL PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

Registration number 2016/277183/06

JSE Code: TPF ISIN: ZAE000227765

(Approved as a REIT by the JSE Limited)

("Transcend" or "the Company")



TERMINATION OF ASSET MANAGEMENT AGREEMENT AND CONCLUSION OF SERVICE LEVEL AGREEMENT WITH A RELATED PARTY

1. INTRODUCTION

Transcend is an externally managed Real Estate Investment Trust whose asset management function is performed by International Housing Solutions (RF) Proprietary Limited ("IHS") in terms of an asset management agreement ("the AMA"). IHS is also an associate of a material shareholder of Transcend and is, accordingly, a related party to Transcend.

The board of directors of Transcend ("the Board") is pleased to announce that, on 8 June 2023 ("the Signature Date"), Transcend and IHS concluded two separate agreements in terms of which:

- the AMA has been terminated by mutual agreement with effect from 1 April 2023 ("the Effective Date") for a cash consideration of R2 119 743 ("the Termination Fee") ("the Termination Agreement"); and
- IHS will provide certain operational and administrative services to Transcend for a fixed 12-month period with effect from the Effective Date, in exchange for an aggregate cash consideration of R2 563 438 ("the Services Fee") ("the Service Level Agreement").

Mr Myles Kritzinger and Mr Nicholas Watchorn (chief executive officer and chief financial officer of Transcend, respectively) ("Management") were employed directly by Transcend from the Effective Date.

2. RATIONALE

The termination of the AMA and the effective internalisation of the asset management function aligns Transcend with industry best practice and improves the alignment of interests of Management with those of Transcend shareholders.

3. SALIENT TERMS OF THE TERMINATION AGREEMENT

3.1. Conditions precedent

The Termination Agreement is subject to the condition precedent that the Board and the board of directors of IHS ("IHS Board") have passed the necessary resolutions approving and ratifying the entering into of the Termination Agreement and the actions contemplated therein by no later than 17h00 on the fifth day after the Signature Date.

3.2. Warranties and other significant terms

The Termination Agreement contains representations and warranties by Transcend and IHS which are standard for an agreement of this nature.

4. TERMS OF THE SERVICE LEVEL AGREEMENT

4.1. Conditions precedent

The Service Level Agreement is subject to the condition precedent that the Board and the IHS Board have passed the necessary resolutions approving and ratifying the entering into of the Service Level Agreement and the actions contemplated therein by no later than 17h00 on the fifth day after the Signature Date.

4.2. Duration

The Service Level Agreement commences on the Effective Date and will continue for an initial period of 12 months (“the Initial Period”). Transcend may renew the Service Level Agreement after the Initial Period at its election, subject to compliance with the Listings Requirements of the JSE Limited (“JSE”) (“Listings Requirements”) at the date of signature of any such renewal.

4.3. Payment of the Services Fee

The aggregate Services Fee is payable in twelve instalments, monthly in arrears, within thirty days of the end of the relevant month, together with the applicable value added tax thereon.

4.4. Warranties and other significant terms

The Service Level Agreement contains representations and warranties by Transcend and IHS which are standard for an agreement of this nature.

5. CATEGORISATION AND FAIRNESS OPINION

In terms of paragraph 10.7 of the Listings Requirements and on an aggregated basis, the conclusion of the Termination Agreement and Service Level Agreement, and the resultant Termination Fee and the Services Fee (“the Transaction”), are deemed to be a small related party transaction and accordingly, the Board is required to provide the JSE with written confirmation obtained from an independent professional expert (“Fairness Opinion”) acceptable to the JSE, confirming that the Transaction is fair insofar as Transcend shareholders are concerned.

In compliance with paragraph 10.7(b) of the Listings Requirements, written confirmation has been received from Questco Corporate Advisory (Pty) Ltd that the Transaction is fair to Transcend. A copy of the Fairness Opinion has been provided to the JSE as required.

The Fairness Opinion will lie for inspection at Transcend’s registered office, 54 Peter Place Block C, Cardiff House, Peter Place Office Park, Bryanston, Johannesburg, 2191, and will be made available on the Company’s website www.transcendproperty.co.za, for a period of 28 days from the date of this announcement.

Bryanston

8 June 2023

Sponsor and Independent Expert



Questco Corporate Advisory Proprietary Limited