



Transcend Residential Property Fund Limited

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



Emira Property Fund Limited

Approved as a REIT by the JSE
(Incorporated in the Republic of South Africa)
(Registration number 2014/130842/06)
JSE share code: EMI ISIN: ZAE000203063
JSE bond company code: EMII
("Emira" or "the Offeror")

JOINT ANNOUNCEMENT OF EMIRA'S FIRM INTENTION TO MAKE AN OFFER TO ACQUIRE ALL OF THE ISSUED SHARES OF TRANSCEND BY WAY OF A SCHEME OF ARRANGEMENT

1. Introduction

Shareholders of Transcend ("**Transcend Shareholders**") and shareholders and noteholders of Emira are advised that, on 17 August 2023, Transcend and Emira ("**the Parties**") concluded a scheme implementation agreement ("**Implementation Agreement**") pursuant to which Emira intends to make an offer (the "**Offer**") to acquire all of the issued ordinary shares in the share capital of Transcend ("**Transcend Shares**") from the Transcend Shareholders by way of a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act, 71 of 2008, as amended ("**Companies Act**") and the "**Takeover Regulations**", being the regulations published in terms of sections 120 and 223 of the Companies Act and set out in Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act.

In terms of the Implementation Agreement, Emira has agreed to make the Offer to acquire the Transcend Shares from Transcend Shareholders for a consideration of R6.30 per Transcend Share, payable in cash ("**Scheme Consideration**"), subject to the fulfilment or waiver, as applicable, of the conditions precedent to the Scheme ("**Conditions Precedent**") as set out in paragraph 3.2 below. Upon implementation of the Scheme, it is proposed that all of the Transcend Shares will be delisted from the JSE in terms of paragraph 1.17(b) of the Listings Requirements of the JSE Limited.

The purpose of this announcement ("**Firm Intention Announcement**") is to advise Transcend Shareholders of Emira's firm intention to proceed with the Offer and to provide information on the terms and conditions of the Scheme.

2. Rationale for the Scheme

Transcend listed on the JSE in 2016. Its reasons for listing included, *inter alia*, access to institutional investment funding and the potential to use its shares as acquisition currency in order to facilitate growth of its property portfolio and enhance shareholder returns.

Transcend's ability to meet its objectives is hampered by the lack of investment appetite for small, illiquid counters. In addition, Transcend Shares trade at a discount to their underlying net asset value, which results in any capital raise at market value being highly dilutive to existing Transcend Shareholders.

Under these circumstances, the board of directors of Transcend ("**the Transcend Board**") and Emira believe that Transcend's continued listing on the JSE is not justified and that the limitations imposed by the regulatory processes and costs associated with a JSE listing outweigh the benefits thereof in the current environment.

The Transcend Board has therefore resolved to propose the Scheme to provide Transcend Shareholders with the ability to realise their investment in Transcend at a price that represents, in its view, fair value.

3. Terms and conditions of the Scheme

3.1. Scheme Consideration

The Scheme will, if implemented, result in the payment of the Scheme Consideration to Transcend Shareholders, being a cash consideration of R6.30 per Transcend Share.

3.2. Conditions Precedent

The implementation of the Scheme will be subject to the fulfilment and/or waiver (in whole or in part where capable of waiver) of the following Conditions Precedent:

- the approval by the requisite majority of Transcend Shareholders of the special resolution to be proposed in accordance with sections 114 and 115 of the Companies Act for the approval of the Scheme, as contemplated in section 115(2) of the Companies Act ("**Scheme Resolution**"), and:
 - to the extent required, the approval of the implementation of such resolution by the Court; and
 - if applicable, Transcend not treating the Scheme Resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act.

The implementation of the Scheme is subject to a compliance certificate being issued by the TRP in respect of the Scheme in terms of section 119(4)(b) of the Companies Act, which compliance certificate will only be issued by the TRP once the Conditions Precedent have been fulfilled, or waived, as the case may be.

4. Funding of the Scheme Consideration and confirmation of financial resources

In accordance with regulation 111(4) and regulation 111(5) of the Takeover Regulations, ABSA Bank Limited has provided an unconditional and irrevocable bank guarantee to the TRP and for the benefit of Transcend Shareholders, confirming that, in aggregate, the Offeror has sufficient cash resources available to it to satisfy payment of the aggregate Scheme Consideration.

5. Clean-out Distribution

In terms of the Implementation Agreement, the Transcend Board shall, subject to its obligations in terms of section 46 of the Companies Act as they pertain to the declaration of dividends, declare and pay a dividend for the financial period which commenced on 1 April 2023 and ending on 30 September 2023 plus an additional amount, calculated in accordance with the following formula ("**the Clean-out Distribution**"):

$$A = B + ((B/183) \times C)$$

where:

A = Clean-out Distribution per Transcend Share;

B = Distribution per Transcend Share for the six-month period from 1 April 2023 to 30 September 2023; and

C = Additional distribution days,

and C is calculated as follows:

$$C = (D - 30 \text{ days}) - E$$

where:

D = Date of implementation of the Scheme; and

E = Transcend's interim reporting date, being 30 September 2023.

The Clean-out Distribution will be determined on the following basis:

- the distributable income on which the Clean-out Distribution is based will be determined in accordance

with the accounting and financial reporting practices adopted for purposes of Transcend's most recent published audited financial statements and the "Best Practice Recommendations" in relation to the calculation of distributable income as published by the SA REIT Association;

- the quantum of the Clean-out Distribution shall be determined by the Transcend Board in accordance with Transcend's distribution policy and in keeping with guidance provided to Shareholders in the announcement of Transcend's financial results for the 15 months ended on 31 March 2023 and published on SENS on 29 May 2023; and
- all transaction costs shall be funded out of available capital of Transcend, and not by reducing the distributable income upon which the Clean-out Distribution is based. To the extent that such costs reduce the distributable income then such amount shall be added back for purposes of calculating the quantum of the Clean-out Distribution.

All Transcend Shareholders, including Emira, will participate in the Clean-out Distribution. The declaration and payment of the Clean-out Distribution will not result in a reduction of the Scheme Consideration.

6. Shareholding of the Offeror in Transcend

As at the date of this announcement, the Offeror holds 111 717 213 Transcend Shares, representing 68.15% of the total issued share capital of Transcend. Emira is not acting in concert with any other person.

7. Irrevocable undertakings to vote in favour of the Scheme

The following shareholders have given irrevocable undertakings to vote in favour of the Scheme:

Shareholder	Number of Shares	% of issued Shares	% of issued Shares (excluding Emira)
SA Corporate Real Estate Limited	8 267 220	5.04%	15.83%
International Housing Solutions (RF) Proprietary Limited	15 010 006	9.16%	28.75%
IHS (SAWHF Interest) Proprietary Limited	7 222 812	4.41%	13.83%
Total	30 500 038	18.61%	58.41%

8. Appointment of Independent Board and Independent Expert

The Transcend Board has, in accordance with regulation 108 of the Takeover Regulations, constituted an independent board of directors comprising of Mr Michael Aitken, Mr Tshepiso Makofane and Mr Shaun Stewart, ("**Independent Board**") to, amongst others, consider the terms of the Scheme and make a recommendation to the Transcend Shareholders in respect thereof.

Transcend has appointed Valeo Capital Proprietary Limited (the "**Independent Expert**") as the independent expert in terms of section 114(2) of the Companies Act and regulation 90 of the Takeover Regulations to provide the Independent Board with an opinion in relation to the Scheme Consideration. The Independent Expert's full report ("**Independent Expert's Report**") will be included in the circular to be distributed to Transcend Shareholders in relation to the Scheme ("**Circular**").

9. Categorisation for Emira and financial information

The Scheme, when aggregated with the offer by Emira to Transcend shareholders announced on SENS on 13 July 2022, is categorised as a Category 2 transaction for Emira in terms of the JSE Listings Requirements and as such is not subject to Emira shareholder approval.

The following financial information has been extracted from the audited annual financial statements of Transcend for the fifteen months ended 31 March 2023 (prepared in accordance with International Financial Reporting Standards):

Net operating income (R'000)	250 027
Profit for the period (R'000)	116 982

Dividend per share (cents)	72.34
Basic earnings per share (cents)	71.36
Headline earnings per share (cents)	85.80
Net asset value per share (cents)	823

10. Responsibility statements

The Independent Board accepts responsibility for the information contained in this Firm Intention Announcement insofar as it relates to Transcend. To the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and correct and the announcement does not omit anything likely to affect the importance of the information.

The board of directors of Emira accepts responsibility for the information contained in this Firm Intention Announcement insofar as it relates to Emira. To the best of its knowledge and belief, the information contained in this Firm Intention Announcement is true and the announcement does not omit anything likely to affect the importance of the information.

11. Posting of Circular and notice of Scheme Meeting

A Circular providing full details of the Scheme and containing, *inter alia*, a notice of the Scheme Meeting, the Independent Expert's Report, recommendations of the Independent Board and the Transcend Board, and the salient dates and times relating to the Scheme is expected to be distributed to Transcend Shareholders on or about Thursday, 14 September 2023.

A further announcement setting out details of the salient dates and times will be published in due course.

Bryanston
18 August 2023

Corporate Advisor and Transaction Sponsor



Independent Expert



Debt Sponsor to Emira

Rand Merchant Bank, a division of FirstRand
Bank Limited