

HERIOT REIT LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 2017/167697/06)

(Approved as a REIT by the JSE)

JSE share code: HET

ISIN: ZAE000246740

(“Heriot” or “the Company”)



SMALL RELATED PARTY TRANSACTION - ACQUISITION OF THIBAUT REIT LIMITED

1. INTRODUCTION

Heriot shareholders are advised that the Company has today, 11 June 2024, entered into an exchange agreement, in terms of section 42 of the Income Tax Act 58 of 1962 (“**Exchange Agreement**”), with Thibault REIT Limited (“**Thibault**”) and the shareholders of Thibault listed in 5.2 below (“**Thibault Shareholders**”), in terms of which Heriot will acquire 100% of the issued shares in Thibault held by the Thibault Shareholders in exchange for the issue of 63 866 124 shares (“**Consideration Shares**”) in the Company (“**Acquisition**”). Following the successful implementation of the Acquisition, Thibault will be a wholly owned subsidiary of Heriot and will subsequently be delisted from the Cape Town Stock Exchange (“**CTSE**”).

2. DETAILS OF THE BUSINESS OF THIBAUT

Thibault is a property holding and investment company that has been approved as a REIT and is currently listed on the CTSE. Thibault was established by Steven Herring, the founder of Heriot. The current portfolio of Thibault comprises of retail, office and residential space, with a combined gross lettable area (“**GLA**”) of 87 521.67m², valued at R1.758 billion. In addition, Thibault holds a 10.02% interest in Safari REIT Limited (“**Safari Interest**”) and a 19.33% interest in Texton REIT Limited.

3. RATIONALE FOR THE ACQUISITION

The Acquisition is consistent with the Heriot group’s primary objective to explore strategic opportunities to grow and streamline Heriot’s asset base by acquiring high-yielding properties in its target markets. In addition, the Acquisition aligns with Heriot’s stated strategy to increase its shareholding in Safari (given Thibault’s current Safari Interest), as Heriot considers both Safari’s and Thibault’s property portfolios complementary to its own portfolio.

4. EFFECTIVE DATE

The effective date of the Acquisition will be Friday, 28 June 2024 (“**Effective Date**”) and the Acquisition will be implemented on the same date.

5. CONSIDERATION

- 5.1. The consideration for the Acquisition is an amount of circa R1,1 billion, which will be settled through the issue of the Consideration Shares to the Thibault Shareholders on the Effective Date, with each share

in Thibault being acquired for 0.62 shares in Heriot (equating to an exchange ratio of 62 new Heriot shares for every 100 Thibault shares in issue).

- 5.2. The Thibault shares held and the number of Heriot shares that will be received by Thibault Shareholders is as follows:

Thibault shareholder	Number of Thibault shares held	Number of Heriot shares to be received
Heriot Investments Proprietary Limited	100 602 528	62 373 567
Richard Lawrence Herring	900 000	558 000
Janys Ann Finn	450 000	279 000
Grant Warren Elliott	450 000	279 000
Daryl Sher	427 350	264 957
Werner Fourie	45 000	27 900
Juliana Matiza	45 000	27 900
Lucille Murray	45 000	27 900
Tamzyn Piedt	22 500	13 950
Samantha Thiart	11 250	6 975
Palesa Shabalala	11 250	6 975

6. CONDITIONS PRECEDENT

The Acquisition is not subject to any outstanding conditions precedent.

7. SIGNIFICANT TERMS OF THE EXCHANGE AGREEMENT

The Exchange Agreement contains limited fundamental representations and warranties provided by the Thibault Shareholders to Heriot.

8. DETAILS OF PROPERTY PORTFOLIO

The property portfolio of Thibault and its subsidiaries (“**the Group**”) comprises the following properties:

Property Name	Location	Sector	GLA (m²)	Weighted average gross rental (m²)	Fair value attributable to property
One Thibault Square	Cape Town City Centre, Western Cape	Office/ Residential	24 362.67	R167.64 ¹	R685.0 million
Helderberg Centre	Somerset West, Western Cape	Retail	21 395.00	R189.42	R270.0 million
14th Avenue District Shopping Centre	Roodepoort, Gauteng	Retail	25 541.00	R208.11	R475.0 million

Sun Valley Mall	Noordhoek, Western Cape	Retail	16 223.00	R189.63	R320.0 million
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Notes:

1. Weighted average gross rental of One Thibault Square relates only to the office GLA of 16 339.00 m². The performance of the residential GLA of 8 072.00 m² is measured relative to the occupancy levels and average nightly room rates.
2. No additional property related expenditure was incurred by the Company in connection with the Acquisition.
3. The properties were externally valued by Peter Parfitt of Quadrant Properties Proprietary Limited, who is registered as a professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000 and is an independent valuer as such term is contemplated in the JSE Limited Listings Requirements (“**Listings Requirements**”). The effective date of the valuations was 31 December 2023.

9. FINANCIAL INFORMATION

In terms of Thibault’s unaudited consolidated interim financial results for the 6 months ended 31 December 2023, Thibault’s net asset value amounted to R1,103 billion, while its total comprehensive income amounted to R73,497 million for the six months ended 31 December 2023.

10. SMALL RELATED PARTY TRANSACTION

- 10.1. Heriot Investments Proprietary Limited (“**Heriot Investments**”) is a material shareholder of Heriot, holding circa 86.76% of the issued share capital of Heriot. Heriot Investments is also a material shareholder of Thibault, holding circa 97.66% of the issued share capital of Thibault. Heriot Investments is 100% owned by The Gusi Trust, being a trust of which Steven Herring, a director of Heriot and Thibault, and his family are beneficiaries and is a related party of Heriot in terms of paragraph 10.1(b)(i) of the Listings Requirements.
- 10.2. In addition, Richard Herring and Janys Finn, both directors of Heriot, are also shareholders of Thibault (Janys Finn is also a director of Thibault) and are related parties of Heriot in terms of paragraph 10.1(b)(i) of the Listings Requirements.
- 10.3. Accordingly, the Acquisition constitutes a transaction with related parties, as defined in terms of paragraph 10.1(b) of the Listings Requirements of the JSE Limited. Based on the number of Consideration Shares to be issued, the Acquisition constitutes a small related party transaction in terms of paragraph 21.12(b) of the Listings Requirements.
- 10.4. In compliance with paragraph 10.7(b) of the Listings Requirements, Questco Corporate Advisory Proprietary Limited (“**Questco**”) was appointed by the Company as the independent professional expert and has furnished the board of directors of the Company (“**Board**”) with its fairness opinion confirming that the terms of the Acquisition are fair insofar as Heriot shareholders are concerned (“**Fairness Opinion**”), which Fairness Opinion has been approved the JSE Limited.
- 10.5. The Fairness Opinion can be inspected at the registered office of the Company and/or through a secure electronic manner at the election of the person requesting the inspection for a period of 28 days from the date of this announcement. Shareholders who wish to view the Fairness Opinion should send their request to the Company’s chief financial officer at dsnoyman@heriot.co.za, who will facilitate access to the same.

11. OTHER

For purposes of paragraph 9.16 of the Listings Requirements, the Company shall ensure that, after the Effective Date, nothing in the constitutional documents of Thibault will, in any way, frustrate or relieve the Company from compliance with the Listings Requirements.

Johannesburg
11 June 2024

Transaction advisor and Designated
advisor
Valeo Capital (Pty) Limited

 Valeo Capital

Independent Expert
Questco Corporate Advisory Proprietary
Limited

