



MEDIA RELEASE FROM EMIRA PROPERTY FUND

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Emira acquires a stake in residential property fund Transcend

JSE-listed Emira Property Fund will take a minority stake in JSE AltX-listed Transcend Residential Property Fund, furthering Emira's stated strategy of expanding its investment in residential rental property.

Transcend has announced its intent to issue new equity to fund the R1.27bn acquisition of eight properties, which will effectively double its portfolio value to R2.5bn, taking it from from 13 properties to 21 properties, and increasing its residential units from 2,472 to 4,631. At the same time, it will realign its capital structure.

Emira has provided an immediate R45.9m equity injection into Transcend, resulting in a 9.9% holding of Transcend's total shares in issue. In addition, Emira has committed to advance between R290m and R395m of funding for Transcend's planned property acquisitions in the next 18 months and has signed an irrevocable commitment for between 25.1% and 34.9% of Transcend's total shares in issue, effectively underwriting Transcend's portfolio acquisition.

Transcend joined the JSE AltX in December 2016 and intends to migrate to the Main Board in due course. It invests in specialised residential property assets. It currently owns 2,472 units in secure estates mainly in Gauteng, as well as the Western Cape and Mpumalanga. The Residential REIT delivers housing to a heavily underserved market at affordable monthly rentals that are in the sweet spot for a growing middle class in SA's urban centres. Its mainly two- and three-storey walk-up apartments are in desirable, high-demand neighbourhoods and often have lifestyle-enhancing facilities. Transcend's asset manager is IHS Asset Management and its operations and property managers are IHS Property Management.

Geoff Jennett, CEO of Emira, says, "Emira's investment approach is to co-invest with hands-on sector specialists who have a good track record of success in their markets. Our investment in Transcend aligns with this approach, and gives Emira exposure to a business run by specialists with the skills, critical mass and relationships to generate further opportunities. It will enhance Emira's portfolio diversification."



Emira is a medium-cap diversified REIT that is invested in a quality, balanced portfolio of office, retail and industrial properties. Its directly held assets comprise 104 properties valued at R12.5bn and indirectly 22 shopping centres valued at R1.04bn through its exposure to Enyuka Property Fund. Emira is also internationally diversified through its investment in ASX-listed Growthpoint Properties Australia (GOZ) valued at R956m, and its equity investments in four grocery-anchored convenience centres with a combined value of USD32.2m through its USA subsidiary.

It aims for strategic exposure in different property sectors, without being overexposed to any single sector. Its Transcend investment is a good diversifier into the deep residential rental market.

Emira embarked on its first residential property investment with the R200m conversion of its Rosebank office properties formerly occupied by Sasol into the contemporary residential apartments of The Bolton. The apartments are currently being phased onto the market with strong take-up success among young professionals. For The Bolton, Emira is partnering with experienced experts in residential development, Feenstra Group and HB Realty.

With its Transcend transaction, Emira's residential property exposure is now 3.5% of its total investment portfolio. It plans to increase this to between 5% and 10% of its total assets over time.

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Released by:

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