

**Transcend Residential Property Fund Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2016/277183/06)  
(JSE share code: TPF)  
(ISIN: ZAE000227765)  
("Transcend" or "the company")



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## **ABRIDGED PROSPECTUS – OPENING OF OFFER TO INVITED INVESTORS TO SUBSCRIBE FOR SHARES AND LISTING OF TRANSCEND ON THE JSE**

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Abridged prospectus relating to:

- a private placement ("**the private placement**") to raise up to approximately R51.8 million by way of an offer for subscription to invited investors for up to approximately 7 million shares in the company ("**private placement shares**") at an issue price to be determined by demand and for which an indicative issue price of R7.40 per private placement share has been used; and
- the subsequent listing in the "Residential REIT's" sector on the Alt<sup>x</sup> of the JSE Limited ("**JSE**") of all the ordinary shares of the company ("**listing**").

**This abridged prospectus is not an invitation to the general public to subscribe for shares in Transcend. It is issued in compliance with the Listings Requirements and the Companies Act, 2008 for the purpose of providing information to the public regarding Transcend and to provide information to select investors with regards to the private placement.**

**Invited investors will be contacted by and will receive application forms to participate in the private placement from the bookrunners.**

This announcement contains the salient information in respect of Transcend, which is more fully described in the prospectus ("**the full prospectus**") which will be made available to invited investors from today and a copy of which was registered with the CIPC on Friday, 11 November 2016 in terms of the Companies Act, 2008. For a full appreciation and understanding of Transcend, the private placement and the listing, the full prospectus should be read in its entirety.

Terms defined in the full prospectus bear the same meaning in this abridged prospectus.

### **1. Introduction**

Subject to raising R51.8 million in order to achieve a reasonable spread of shareholders acceptable to the JSE, the JSE has granted Transcend a listing, in terms of section 13 of the Listings Requirements, of up to approximately 66 046 445 shares in the "Residential REIT's" sector of the JSE, in terms of the FTSE classification, under the abbreviated name: "Transcend", JSE share code: "TPF" and ISIN: ZAE000227765, with effect from the commencement of trade on Thursday, 1 December 2016, subject to the company having satisfied the Listings Requirements regarding the spread of public shareholders.

### **2. History and nature of the business**

The primary strategy of Transcend will be to acquire yield-accretive residential properties, with a focus on housing opportunities that are affordable and lifestyle enhancing and located in well-situated and high growth urban areas. It is anticipated that Transcend will own these assets directly. At listing, Transcend will have an initial portfolio that is located in and around South Africa's major cities and targets middle-income households, thus, delivering housing to a heavily under-served portion of the real estate market at prices that are affordable. Expansion into other housing market segments or African countries may be considered in time.

Transcend's strategy is to familiarise the market with its asset class and to establish a track record of consistent performance and growth in distributions. During this time, it is Transcend's intention to maximise the performance of the initial portfolio and only acquire properties that it is familiar with. A preliminary pipeline of rental properties that could be considered for acquisition by Transcend have been identified from the existing

assets under management by IHS. This pipeline consists of approximately 3,700 units, with a total value in the order of R2.5 billion, demonstrating the opportunities for portfolio expansion.

Transcend will hold a property portfolio of 13 properties, comprising 2 472 units, including 1 879 sectionalised residential units and 3 non-sectionalised properties, located primarily in Gauteng, the Western Cape and Mpumalanga, South Africa. The properties are in the process of being transferred and, as at the last practical date, 1 990 (80.50%) of the 2 472 units to the value of R942 800 000 (being 80.93% of total value) have been transferred.

Transcend was incorporated as a private company on 8 July 2016 and converted to a public company on 22 August 2016. The company's financial year end is 31 December.

### 3. Investment and growth strategy

Once a stable and consistent track record has been established with the properties, and the cost of capital becomes more attractive, it is Transcend's intention to grow through the acquisition of stabilised open market rental portfolios in South Africa and Sub-Saharan Africa. To this extent, Transcend will utilise the extensive market network and experience of the IHS team in order to acquire similar well-positioned affordable residential properties that are yield accretive, and which provide good potential for increased rental income as well as capital growth over time.

Transcend's portfolio is externally managed by IHS Asset Management, a wholly-owned subsidiary of IHS, and leverages off IHS' extensive experience in the residential rental markets. Over time, once a track-record for the listed company has been established and there is an improved understanding of the affordable housing market, Transcend intends to expand its public share-offering to become more liquid.

### 4. Prospects

The board is confident that following the listing Transcend will achieve consistent growth in dividends. The selection of stabilised and quality rental assets is expected to support meaningful capital growth and regular income in the form of a monthly rental from the property portfolio. Efficient property management and the acquisition of new properties are also expected to help enhance performance of the company's portfolio over time.

### 5. Directors

<b>Name and age</b>	<b>Robert Nicolaas Wesselo (Rob) (52)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	LLB from University of Witwatersrand
<b>Position</b>	Chief executive officer
<b>Name and age</b>	<b>David Peter Lange (Dave) (33)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	BCom (Acc) and BCom (Acc) (Hons) from the University of Johannesburg; CA (SA); MSc (Property Studies) from University of Cape Town
<b>Position</b>	Chief financial officer
<b>Name and age</b>	<b>Solly Mboweni (Solly) (47)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	BCom and Postgraduate Diploma in Property Studies from University of Witwatersrand

<b>Position</b>	Chief operating officer
<b>Name and age</b>	<b>Michael Louis Falcone (Mike) (54)</b>
<b>Business address</b>	3600 O'Donnell St #600, Baltimore, MD 21224, USA
<b>Qualification</b>	BA (Economics) from Dartmouth College and MBA from Harvard Business School
<b>Position</b>	Non-executive director
<b>Name and age</b>	<b>Cathal Pádraig Conaty (Cathal) (52)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	BA from the University College (Dublin, Ireland) and an MBA from IESE (Barcelona, Spain)
<b>Position</b>	Non-executive director
<b>Name and age</b>	<b>Robert Reinhardt Emslie (Robert) (58)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	Undergraduate degree from Rand Afrikaans University, and a graduate degree from Rand Afrikaans University
<b>Position</b>	Chairman, independent non-executive director
<b>Name and age</b>	<b>Faith Nondumiso Khanyile (Faith) (49)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	BA (Economics) Wheaton College, USA, MBA (Finance) Bentley Graduate School of Business, USA
<b>Position</b>	Independent non-executive director
<b>Name and age</b>	<b>Michael Simpson Aitken (Michael) (59)</b>
<b>Business address</b>	54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191, Gauteng, South Africa
<b>Qualification</b>	BA and LLB
<b>Position</b>	Independent non-executive director

Apart from Mike, who is an American citizen and Cathal, who is an Irish citizen, all of the directors are South African nationals.

## 6. Asset management

The asset management function of the property portfolio is undertaken by IHS Asset Management, further details of which are set out in paragraph 2.5 of the full prospectus.

## 7. Property management

The property management function of the company is outsourced on market related terms to IHSPM, further details of which are set out in paragraph 2.6 of the full prospectus.

## 8. Summarised forecast information

Given the nature of its business, Transcend uses distribution per share as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.

Set out below are the summarised forecast statements of comprehensive income (“**summarised forecasts**”) for the 3 months ending 31 December 2016 and the year ending 31 December 2017 (“**forecast periods**”). The summarised forecast information is based on the assumption that the private placement is fully subscribed and that R51.8 million is raised through the issue of 7 million shares at an issue price of R7.40 per share.

The summarised forecasts comprise forecast figures for the duration of the forecast periods.

The summarised forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Transcend.

The summarised forecasts have been prepared in compliance with IFRS and in accordance with Transcend’s accounting policies.

	<b>Forecast for the three months ending 31 December 2016</b>	<b>Forecast for the year ending 31 December 2017</b>
Basic and diluted (loss)/earnings per share (cents)	(31.1)	62.8
Headline and diluted headline earnings per share (cents)	17.2	62.8
<b>Distribution per share (cents)</b>	<b>2.1</b>	<b>62.8</b>
Weighted average number of shares in issue	31 916 796	66 046 445
Number of shares in issue at period-end	66 046 445	66 046 445

The figures set out above are extracted from detailed forecasts for the 3 months ending 31 December 2016 and the year ending 31 December 2017 and have been reported on by the independent reporting accountant, KPMG Inc. The detailed forecasts, the independent reporting accountants’ report on the detailed forecast and the assumptions on which the detailed forecasts are based, are set out in the full prospectus.

## 9. Purpose of the private placement and the listing

The main purposes of the private placement and the listing are to:

- provide investors, both institutional and private, with an opportunity to participate over the long term in the income streams and future capital growth of the company;
- enhance the liquidity and tradability of the shares;
- provide the company with a platform to raise equity funding to pursue growth and investment opportunities in the future; and
- enhance the public profile and general public awareness of Transcend.

## 10. Details of the private placement

The private placement will be constituted by the issue of up to approximately 7 million private placement shares in the company at an issue price to be determined by demand and for which an indicative issue price of R7.40 per private placement share has been used in the full prospectus.

The board reserves the right to close the private placement early.

The private placement shares issued in terms of the full prospectus will be allotted subject to the provisions of the MOI and will rank pari passu in all respects including distributions, with all existing issued shares in the company.

There are no convertibility or redemption provisions relating to any shares.

The private placement shares will only be issued in dematerialised form. No certificated private placement shares will be issued.

No fractions of private placement shares will be offered in terms of the private placement.

The private placement is open to invited investors only. The following parties may not participate in the private placement:

- any person who may not lawfully participate in the private placement; and/or
- any investor who has not been invited to participate; and/or
- any person acting on behalf of a minor or deceased estate.

## 11. Salient dates and times

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**2016**

Opening date of the private placement (09:00) on	Wednesday, 16 November
Closing date of the private placement (12:00) on	Tuesday, 22 November
Results of the private placement released on SENS on	Wednesday, 23 November
Notification of allotments to successful invited investors on or from	Wednesday, 23 November
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders on	Thursday, 1 December
Listing of shares and the commencement of trading on the JSE (09:00)	Thursday, 1 December

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Notes:

- 1 All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
- 2 Invited investors must advise their CSDP or broker of their acceptance of the private placement in the manner and cut-off time stipulated by their CSDP or broker.
- 3 CSDP's effect payment on a delivery-versus-payment basis.

## 12. Application of proceeds

The proceeds of the private placement will be applied as follows:

- to partially settle interest-bearing borrowings;
- to settle transfer and bond registration costs; and
- to settle the preliminary and issue expenses.

## 13. Condition to which the private placement and the listing are subject

The listing is subject to raising an amount of R51.8 million in order to achieve a spread of public shareholders acceptable to the JSE, being public shareholders holding not less than 10% of the issued shares at the point of listing on the JSE.

If the condition precedent fails, the private placement and any acceptance thereof shall not be of any force or effect and no person shall have claim whatsoever against Transcend or any other person as a result of the failure of any condition.

#### **14. Availability of the full prospectus and the investor presentation**

Copies of the full prospectus and the document presented to invited investors (“**investor presentation**”) may be obtained between 08:30 and 17:00 on business days from Wednesday, 16 November 2016 to Thursday, 1 December 2016 at the following places and on the company’s website: [www.transcendproperty.co.za](http://www.transcendproperty.co.za). The investor presentation contains no material or significant information over and above that contained in the full prospectus.

##### **Transcend Residential Property Fund Limited**

54 Peter Place, Peter Place Office Park, Block G, Ground Floor, Bryanston 2191

##### **Java Capital Trustees and Sponsors Proprietary Limited**

6A Sandown Valley Crescent, Sandown, Sandton, 2196

##### **Link Market Services South Africa Proprietary Limited**

19 Ameshoff Street, 13<sup>th</sup> Floor, Rennie House, Braamfontein, Johannesburg, 2001

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**Corporate advisor, designated advisor and bookrunner**



**Independent reporting accountants and auditors**



**Attorneys**

**WHITE & CASE**

16 November 2016