

**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)  
("Transcend" or "the Company")



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**DISPOSAL OF MIDRAND VILLAGE UNITS**

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**1. INTRODUCTION**

Transcend shareholders are advised that the Company intends to dispose of 225 free title units ("the Units") at Midrand Village located in Porcelain Road, Clayville, Gauteng ("the Transaction") by way of full title offer to purchase agreements ("the Agreements") with various purchasers ("the Purchasers"). At 30 June 2019 the Company had entered into Agreements with Purchasers in respect of 89 Units with an aggregate total consideration of R81 973 000, of which 16 Agreements are unconditional.

Transcend's business activities are primarily concerned with acquiring and managing income-generating residential properties, with a specific focus on residential housing opportunities that are affordable, lifestyle enhancing and located in high-growth urban areas.

Transcend currently owns a portfolio of 23 properties, comprising 4 767 units, located across South Africa (Gauteng, Mpumalanga and Western Cape).

**2. RATIONALE FOR THE TRANSACTION**

Midrand Village is a full title property that was acquired on 1 December 2018 from a related party, International Housing Solutions Residential Partners 1 (RF) Proprietary Limited. The property was part of a larger portfolio of 1 983 residential units that was acquired as a portfolio of stabilized rental properties. This property consists of 225 Units and does not suit the typical profile of property or units held by Transcend for rental purposes; and hence the decision to commence with the disposal of all of the vacant Units under its ownership.

The Transaction will assist Transcend in achieving its stated objective by optimising the performance of its current portfolio, in addition to its plans to expand the portfolio with predominantly distribution-enhancing acquisitions.

The proceeds will be used to reduce the Company's interest-bearing liabilities and loan-to-value until required for new acquisitions.

**3. TERMS OF THE TRANSACTION AND CONDITIONS PRECEDENT**

The average selling price per Unit is approximately R921 045 and will be satisfied by each respective Purchaser by way of an end-user mortgage bond. The transfer of each Unit shall be effected as soon as each Purchaser has complied with all of its obligations set out in the Agreements.

The Agreements contains warranties and/or guarantees which are normal for a transaction of this nature.

The effective date of the Transaction will be the date when all the registrations of the transfers of the all the Units into the names of the respective Purchasers occurs. The Transaction is not subject to any further conditions.

#### 4. INFORMATION RELATING TO MIDRAND VILLAGE

Information relating to Midrand Village is set out below:

<b>Location:</b>	Porcelain Road, Clayville, Gauteng
<b>Rentable area (m<sup>2</sup>):</b>	14 280 m <sup>2</sup>
<b>Aggregate weighted average rental (m<sup>2</sup>):</b>	R7 056 m <sup>2</sup>
<b>Third Party Valuation (Dec 18): (Note 1)</b>	Approximately R10 672 m <sup>2</sup> , totalling R152 400 000

1. A third-party valuation was performed by Real Insight Proprietary Limited, a registered professional valuer in terms of the Property Valuers Profession Act, No.47 of 2000, dated 31 December 2018. This valuation assumed a vacancy factor of 10% and is the carrying value of the property presented in the accounting records of Transcend.

#### 5. VALUE OF THE NET ASSETS AND PROFIT ATTRIBUTABLE TO THE SUBJECT OF THE TRANSACTION

As at 31 December 2018, the value of the total assets that are the subject of the Transaction was R152 400 000 and the profit and total comprehensive income ("profits") attributable to Midrand Village, for the year ended 31 December 2018, was R1 110 188.

The total assets and profits attributable to the Midrand Village as disclosed above have been sourced from the audited financial statements of the Company for the year ended 31 December 2018 which has been prepared in terms of International Financial Reporting Standards.

#### 6. CATEGORISATION

Transcend is listed on the Alternative Exchange of the JSE and as such, the Transaction constitutes a category 2 transaction in terms of the JSE Listings Requirements.

**Bryanston**  
22 July 2019

**Designated Advisor**



Questco Corporate Advisory Proprietary Limited