

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply throughout this Circular, including this front cover.

### Action required by Emira Shareholders:

Shareholders are referred to page 2 of this Circular, which sets out the action required of them with regard to the BEE Transaction, full details of which are set out in this Circular. If you are in any doubt as to the action you should take, you should consult your Broker, banker, CSDP, attorney, accountant or other professional advisor immediately.

If you have disposed of your entire shareholding in Emira, then this Circular, together with the attached Form of Proxy (*blue*) should be handed to the purchaser of such Shares or to the Broker or agent through whom the disposal was effected.

This document is available in English only and copies may be obtained from the registered office of Emira or Questco during normal office hours from the date of issue hereof until the date of the General Meeting. An electronic copy of this Circular will be available on the Company's website, [www.emira.co.za](http://www.emira.co.za), from the date of posting of the Circular.

**Emira does not accept responsibility, and will not be held liable, for any action of or omission by any CSDP or Broker including, without limitation, any failure on the part of the CSDP or Broker of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular.**



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## CIRCULAR TO SHAREHOLDERS

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regarding:

- the proposed subscription for the Subscription Shares by the BEE Parties (including a related party) in terms of the proposed BEE Transaction.

and incorporating:

- a notice convening a General Meeting of Shareholders; and
- a Form of Proxy (*blue*) in respect of the General Meeting (to be completed by Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration only).

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### Transaction Sponsor and Independent Expert



### Transaction Advisor



### Legal Advisor

ALLEN & OVERY

### Independent Reporting Accountants



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**Date of issue:** 29 May 2017

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## CORPORATE INFORMATION

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### **Directors**

#### **Executive:**

GM Jennett (*Chief Executive Officer*)  
GS Booyens (*Chief Financial Officer*)  
U van Biljon (*Chief Operations Officer*)

#### **Independent non-executive:**

MS Aitken  
BH Kent  
V Mahlangu  
NE Makiwane  
W McCurrie  
V Nkonyeni  
G van Zyl (*Chairman*)

### **Transaction Sponsor and Independent Expert**

Questco Proprietary Limited  
(Registration number 2002/005616/07)  
First Floor, Yellowwood House  
Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston, 2021  
(PO Box 98956, Sloane Park, 2152)

### **Transfer Secretaries**

Computershare Investor Services  
Proprietary Limited  
(Registration number 2004/003647/07)  
2nd Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)

### **Company Secretary and registered office of the Company**

Acorim Proprietary Limited  
(Registration number 2013/087325/07)  
Optimum House, Epsom Downs Office Park  
13 Sloane Street  
Bryanston, 2191  
(PO Box 69104, Bryanston, 2021)

### **Date of listing of Emira**

28 November 2003

### **Date of incorporation of Emira as a corporate entity**

1 July 2015

### **Place of incorporation of Emira**

Pretoria, South Africa

### **Transaction Advisor**

Macquarie Capital South Africa Proprietary Limited  
(Registration number 2003/014483/07)  
The Place, South Building  
1 Sandton Drive  
Sandton, 2196  
(PO Box 783745, Sandton, 2146)

### **Legal Advisor**

Allen & Overy (South Africa) LLP  
(Registration number 2015/000199/10)  
6th Floor, 90 Grayston  
90 Grayston Drive  
Sandton, 2196  
(Private Bag X9, Benmore, 2010)

### **Independent Reporting Accountants**

PricewaterhouseCoopers Inc.  
(Registration number 1998/012055/21)  
2 Eglin Road  
Sunninghill, 2191  
(Private Bag X36, Sunninghill, 2157)

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## **ACTION REQUIRED BY SHAREHOLDERS**

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Please take note of the following:

**If you are in any doubt as to the action you should take in relation to this Circular, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.**

**This Circular contains information in respect of the BEE Transaction, which Circular you should read carefully and decide on how you wish to vote on the Resolutions to be proposed at the General Meeting.**

1. **CERTIFICATED SHAREHOLDERS AND DEMATERIALISED SHAREHOLDERS WITH OWN-NAME REGISTRATION**

- 1.1 You may attend the General Meeting in person and speak, vote or abstain from voting thereat.
- 1.2 Alternatively you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy, in accordance with the instructions contained therein. Shareholders are requested to lodge their Forms of Proxy with the Transfer Secretaries to be received by them by no later than 10:00 on Monday, 26 June 2017. Nevertheless, Forms of Proxy may be lodged at any time prior to the commencement of voting on the Resolutions at the General Meeting.

2. **DEMATERIALISED SHAREHOLDERS OTHER THAN THOSE WITH OWN-NAME REGISTRATION**

- 2.1 If your CSDP or Broker has not contacted you, it would be advisable for you to contact your CSDP or Broker and furnish them with your voting instructions.
- 2.2 If your CSDP or Broker does not obtain voting instructions from you, they will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or Broker.
- 2.3 In accordance with the mandate between you and your CSDP or Broker, you must advise your CSDP or Broker if you wish to attend or be represented by proxy at the General Meeting. Your CSDP or Broker will issue the necessary letter of representation for you to do so.
- 2.4 **You must not complete the attached Form of Proxy.**

3. **IDENTIFICATION OF MEETING PARTICIPANTS**

In terms of Section 63(1) of the Companies Act, before any person may attend or participate in a shareholders' meeting, that person must present reasonable satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy of a shareholder, has been reasonably verified.

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## SALIENT DATES AND TIMES

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2017

Notice record date, being the date on which Emira Shareholders must be registered in the Securities Register in order to be entitled to receive the Circular and the Notice of General Meeting	Friday, 19 May
Circular to Emira Shareholders posted on	Monday, 29 May
Last day to trade in Emira Shares in order to be eligible to attend and vote at the General Meeting	Tuesday, 20 June
Record date to attend and vote at the General Meeting	Friday, 23 June
Forms of Proxy for the General Meeting to be received by 10:00 on	Monday, 26 June
General Meeting of Emira Shareholders held at 10:00 on	Wednesday, 28 June
Results of General Meeting released on SENS on or about	Wednesday, 28 June
Results of General Meeting released in the press on or about	Thursday, 29 June

**Notes:**

1. All times indicated above are local times in South Africa.
2. All dates and times may be changed by Emira. Any change will be published on SENS.
3. If the General Meeting is adjourned or postponed, the Forms of Proxy submitted for the initial General Meeting will remain valid in respect of any adjournment or postponement thereof.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or clearly indicated by the context, the words in the first column have the meanings stated in the second column, an expression which denotes a gender includes the other gender, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa*:

<b>“Agreed Form MOIs”</b>	the memoranda of incorporation of Letsema SPV and Tamela SPV, as agreed between the Company and Letsema or Tamela (as the case may be), in terms of which, <i>inter alia</i> the capacity of Letsema SPV and Tamela SPV is restricted in terms of the Companies Act;
<b>“BEE”</b>	Black Economic Empowerment as contemplated in the BEE Act and the BEE Codes;
<b>“BEE Act”</b>	the Broad-Based Black Economic Empowerment Act, 2003, as amended;
<b>“BEE Codes”</b>	the Codes of Good Practice on Broad-Based Economic Empowerment published under section 9(1) of the BEE Act, as amended or revised;
<b>“BEE Parties”</b>	collectively, Letsema SPV and Tamela SPV;
<b>“BEE Transaction”</b>	the Specific Issue in terms of the Transaction Agreements;
<b>“BEE Transaction Value”</b>	an amount of R364 225 921, being the aggregate Subscription Price payable in respect of the Subscription Shares;
<b>“Black-Owned”</b>	considered to be “51% Black Owned” in terms of the BEE Codes on the basis of flow-through principle (without application of the modified flow-through principle), as such terms are defined in the BEE Act;
<b>“Black-Owned Company”</b>	a company which would be considered to be Black-Owned;
<b>“Board” or “Directors”</b>	collectively, the board of Directors of Emira;
<b>“Broker”</b>	any person registered as a broking member (equities) in terms of the rules of the JSE made in accordance with the provisions of the FMA;
<b>“Cash Funded Specific Issue”</b>	the subscription by the BEE Parties of 13 066 682 Subscription Shares for a cash consideration of R182.1 million;
<b>“Certificated Shareholders”</b>	registered holders of Certificated Shares;
<b>“Certificated Shares”</b>	Emira Shares represented by share certificates or other documents of title which have not been surrendered for Dematerialisation in terms of the requirements of Strate;
<b>“Circular”</b>	this bound document, dated Monday, 29 May 2017, together with the Notice of General Meeting and the Form of Proxy;
<b>“Companies Act”</b>	the Companies Act, 2008 (Act 71 of 2008), as amended;
<b>“CSDP”</b>	Central Securities Depository Participant as defined in the FMA appointed by an individual shareholder for the purposes of, and in regard to the Dematerialisation of documents of title for the purposes of incorporation into Strate;
<b>“Dematerialisation”</b>	the process by which Certificated Shares are converted to an electronic form as Dematerialised Shares and recorded in the sub-register of Shareholders maintained by a CSDP;
<b>“Dematerialised Shareholders”</b>	registered holders of Dematerialised Shares;

<b>“Dematerialised Shares”</b>	Shares which have been incorporated into Strate and which are no longer evidenced by physical documents of title, but the evidence of ownership of which is determined electronically and recorded in the sub-register maintained by a CSDP;
<b>“Emira” or “the Company”</b>	Emira Property Fund Limited (registration number 2014/130842/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the Shares of which are listed on the Main Board of the JSE and which is approved as a REIT;
<b>“Final Repayment Date”</b>	the date which is five years and four months after Subscription Date;
<b>“First Interest Period”</b>	the period commencing on the Subscription Date and ending on 30 June 2017;
<b>“FMA”</b>	the Financial Markets Act, 2004 (Act 36 of 2004);
<b>“Form of Proxy”</b>	a Form of Proxy to be completed by Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration only in accordance with the instructions contained therein. Forms of Proxy must be sent to the Transfer Secretaries to be received by them by no later than 10:00 on Monday, 26 June 2017 or they may be handed to the chairman of the meeting at any time prior to the commencement of voting on the Resolutions tabled at the General Meeting;
<b>“General Meeting”</b>	the General Meeting of Emira Shareholders to be held at 10:00 on Wednesday, 28 June 2017 at the offices of Emira situated at 1st Floor, Optimum House, Epsom Downs Office Park, 13 Sloane Street, Bryanston to consider and, if deemed fit, pass with or without modification the Resolutions contained in the Notice of General Meeting which is attached to and forms part of this Circular;
<b>“Independent Expert”</b>	Questco;
<b>“Interest Amount”</b>	for any Interest Period (other than the final Interest Period), the aggregate amount of distributions paid by the Company in respect of such Interest Period on 50% of the Subscription Share;
<b>“Interest Period”</b>	each period of six months ending on either 30 June or 31 December in each year, provided that the final Interest Period shall commence on 1 July 2022 and end on the Final Repayment Date;
<b>“Interest Rate”</b>	for each Interest Period, the rate derived by dividing the Interest Amount by the Vendor Loan Amount, expressed as a percentage;
<b>“Institutional Funding”</b>	institutional funding to be provided to each of the BEE Parties by a third-party debt funder, being an amount equal to 40% of the value of the Subscription Shares at the Subscription Price;
<b>“JSE”</b>	the JSE Limited (registration number 2005/022939/06), a public company duly registered and incorporated in accordance with the laws of South Africa, and licensed as a stock exchange under the FMA;
<b>“JSE Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“Last Practicable Date”</b>	23 May 2017, being the last practicable date prior to the finalisation of this Circular;
<b>“Letsema”</b>	Letsema Holdings Proprietary Limited (registration number 1996/005459/07), a private company duly registered and incorporated in accordance with the laws of South Africa;

<b>“Letsema SPV”</b>	Luxanio Trading 157 Proprietary Limited (registration number 2017/111937/07), a private company duly registered and incorporated in accordance with the laws of South Africa and a wholly-owned subsidiary of Letsema;
<b>“Lock-in Period”</b>	the period commencing on the Subscription Date and ending on 1 July 2022;
<b>“MOI”</b>	the Memorandum of Incorporation of the Company;
<b>“Notice of General Meeting”</b>	the notice of the General Meeting forming part of this Circular;
<b>“Own-Name Registration”</b>	Dematerialised Shareholders who have registered Shares in their own name with a CSDP in terms of the FMA;
<b>“Questco”</b>	Questco Proprietary Limited (registration number 2002/005616/07), a private company duly registered and incorporated in accordance with the laws of South Africa, and the Transaction Sponsor and Independent Expert to Emira in terms of the JSE Listings Requirements;
<b>“Rand” or “R”</b>	South African Rand, the official currency of South Africa;
<b>“Relationship Agreement”</b>	the agreement, dated 23 May 2017, which governs the relationship between Emira, Letsema, Tamela and the BEE Parties;
<b>“Resolutions”</b>	the ordinary resolutions set out in the Notice of General Meeting;
<b>“Securities Register”</b>	means the register of Emira Shareholders;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Shares” or “Emira Shares”</b>	existing ordinary shares of no par value in the share capital of Emira;
<b>“Shareholders” or “Emira Shareholders”</b>	registered holders of Shares in Emira;
<b>“South Africa” or “the Republic”</b>	the Republic of South Africa;
<b>“Specific Issue”</b>	the issue of the Subscription Shares to the BEE Parties at the Subscription Price and related terms in terms of the Transaction Agreements;
<b>“Strate”</b>	Strate Proprietary Limited (registration number 1998/022242/07), a private company duly registered and incorporated in accordance with the laws of South Africa and licensed as a CSDP in terms of the FMA;
<b>“Subscription Agreements”</b>	the agreements, dated 23 May 2017, in terms of which the BEE Parties agreed to subscribe for the Subscription Shares at the Subscription Price in terms of the proposed BEE Transaction as described in paragraph 6 of this Circular;
<b>“Subscription Date”</b>	the date on which the BEE Parties will subscribe for the Subscription Shares, being two business days after the satisfaction of the conditions precedent as set out in paragraph 7 of this Circular;
<b>“Subscription Price”</b>	the subscription price payable in respect of each Subscription Share, being R13.9372, which represents the 30-day VWAP at 22 May 2017, being the business day immediately preceding the date of the announcement of the BEE Transaction, and no discount is applicable thereto;
<b>“Subscription Shares”</b>	the 26 133 364 Emira Shares to be issued to the BEE Parties pursuant to the Specific Issue in terms of the BEE Transaction;



<b>“Tamela”</b>	Tamela Holdings Proprietary Limited (registration number 2008/011759/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
<b>“Tamela SPV”</b>	Tamela Property Investments Proprietary Limited (registration number 2017/111908/07), a private company duly registered and incorporated in accordance with the laws of South Africa, and a wholly-owned subsidiary of Tamela;
<b>“Transaction Agreements”</b>	collectively, the Subscription Agreements, the Relationship Agreement and the Vendor Loan Agreement;
<b>“Transfer Secretaries”</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly registered and incorporated in accordance with the laws of South Africa;
<b>“Vendor Funded Specific Issue”</b>	the subscription by the BEE Parties for 13 066 682 Subscription Shares to be funded through the Vendor Funding;
<b>“Vendor Funding” or “Vendor Loan” or “Vendor Loan Amount”</b>	the loan provided by Emira to each of the BEE Parties, being an amount equal to 50% of the value of the Subscription Shares at the Subscription Price; and
<b>“Vendor Loan Agreements”</b>	the agreements, dated 23 May 2017, setting out the terms upon which Emira will loan certain amounts to the BEE Parties.



EMIRA  
PROPERTY FUND

## EMIRA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2014/130842/06)

JSE share code: EMI ISIN: ZAE000203063

(Approved as a REIT by the JSE)

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## CIRCULAR TO SHAREHOLDERS

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### 1. INTRODUCTION

As set out in an announcement released by the Company on SENS on 23 May 2017 and published in the press on 24 May 2017, Emira has, in furtherance of its transformation strategy, entered into the Transaction Agreements with the BEE Parties, Tamela and Letsema, through Tamela SPV and Letsema SPV respectively, in order to implement the proposed BEE Transaction pursuant to the subscription by the BEE Parties for 26 133 364 Emira Shares at the Subscription Price for a total subscription consideration of R364 225 921. Subject to approval of the Specific Issue by Shareholders at the General Meeting, the proposed BEE Transaction will result in the BEE Parties holding in aggregate 5% of the enlarged issued share capital of Emira immediately after the issue of the Subscription Shares, which date is expected to be Friday, 30 June 2017.

In terms of the JSE Listings Requirements, the proposed BEE Transaction is subject to the following resolution being approved by Shareholders present in person or represented by proxy at the General Meeting:

- the Specific Issue which, in terms of the JSE Listings Requirements, requires an ordinary resolution, by achieving a 75% majority of the votes cast in favour thereof.

### 2. PURPOSE OF THIS CIRCULAR

The purpose of this Circular is to:

- 2.1 provide Emira Shareholders with relevant information in order to enable them to make an informed decision as to whether or not they should vote in favour of the Resolutions set out in the Notice of General Meeting which is attached to and forms part of this Circular, in relation to the Specific Issue pursuant to the BEE Transaction; and
- 2.2 give notice of the convening of the General Meeting in order for Emira Shareholders to consider, and if deemed fit, pass with or without modification, the Resolutions to be proposed at the General Meeting.

### 3. NATURE OF BUSINESS AND PROSPECTS

Emira is a diversified South African Real Estate Investment Trust (REIT). It has been listed in the Real Estate Investment Trusts sector on the JSE since 28 November 2003. Its property portfolio is spread across the office, retail and industrial sectors in line with its strategic objectives. Emira's portfolio of quality assets comprised 142 properties, valued at R13 256 million as at 31 December 2016, and its investment in Growthpoint Properties Australia Limited, valued at R924 million as at 31 December 2016.

In line with the Company's unaudited interim results for the six months to 31 December 2016 released on SENS on 15 February 2017 and Emira's other regulatory announcements, the Company's prospects were as follows – Local macro-economic conditions are expected to remain challenging with low GDP growth for the balance of 2017. The continued pressure on tenants, together with the over-supply of commercial office space, will likely continue to have a negative impact on rentals.

Shareholders are referred to the announcement published on SENS on 20 June 2016 with respect to distribution growth prospects.

#### 4. THE PROPOSED BEE TRANSACTION

##### 4.1 Rationale

The proposed BEE Transaction will:

- place 5.0% of the Company's enlarged issued Share capital under strategic black ownership;
- enhance Emira's investment proposition and value, including through Board and strategic contributions of the BEE Investors;
- begin to give effect to Emira's long-term goal of transformation within the Company as an initial step of a 5.0% shareholding;
- contribute to Emira's transformation strategy, including specifically achieving compliance with the objectives as set out in Section 2 of the BEE Act, and the Broad-Based Black Economic Empowerment Regulations, as they relate to the property sector; and
- improve the Company's gearing ratio, by reducing interest-bearing debt with the cash proceeds received from the Subscription Shares.

##### 4.2 The BEE Parties and fairness opinion

###### 4.2.1 Letsema

Letsema is a private investment holding group with a wide range of experience and interests, including management consulting, third party investment management and industrials businesses. Today Letsema is a 21-year-old investment holding group with a diverse set of interests in pharmaceuticals, packaging, cosmetics wax manufacturing (for the global cosmetics industry), structural sawmilling, bottled water and management consulting. Letsema adopts a value-based investment philosophy and is primarily focussed on delivering against a purpose of using business as a catalyst for significant societal impact.

Letsema was established by Isaac Shongwe (Non-Executive Director of Barloworld Limited; Non-Executive Chairman of African Phoenix Investments Limited since December 2016 and Member of the Wits University Council) and Derek Thomas (Non-Executive Chairman of Transpaco Limited).

The shareholding in Letsema is held 57% by Isaac Shongwe and 43% by Derek Thomas, and these individuals are the only Directors of Letsema SPV.

###### 4.2.2 Tamela

Tamela is a black-owned and managed investment holding, corporate finance and fund management advisory company. Tamela's investments are in financial services, mining suppliers and manufacturing sectors, and its advisory activities include providing corporate finance advice to selected clients.

Tamela was established by Vusi Mahlangu (Non-Executive Director of Emira Property Fund Limited and Non-Executive Director of Aon South Africa) and Sydney Mhlarhi (Non-Executive Director of PPC Limited and Non-Executive Director of Assore Limited).

The shareholding in Tamela is held 65.12% by Tamela Group, 10.26% by Nedbank Limited, 10.26% by Kagiso Tiso Holdings Proprietary Limited and 14.36% by Tshepisho Makofane. Vusi Mahlangu and Sydney Mhlarhi equally hold 50% of Tamela Group, and these individuals, together with Tshepisho Makofane, are the only Directors of Tamela SPV. Neither Vusi Mahlangu nor his associates currently hold any Shares in Emira.

Both BEE Parties have the necessary expertise, experience, relationships and credibility to make significant contributions to Emira.

#### 4.2.3 **Related party implications**

Given the shareholding of Vusi Mahlangu via Tamela Group in Tamela SPV, as indicated in paragraph 4.2.2 above, and his current directorship on the Emira Board, Tamela SPV is regarded as an associate of a related party to Emira in terms of the JSE Listings Requirements. Accordingly, a fairness opinion by the Independent Expert on the Specific Issue to Tamela SPV is required as a result of the existence of the Vendor Funding. The fairness opinion has been included in this Circular as **Annexure 4**.

Although as at the Last Practicable Date, neither Vusi Mahlangu nor his associates held any Shares, to the extent that they may hold Shares on the Record Date, they will be taken into account in determining a quorum at the General Meeting, but their votes will not be taken into account in determining the results of voting on the Specific Issue at the General Meeting.

### 4.3 **The Specific Issue**

#### 4.3.1 **Terms**

Emira will issue 13 066 682 Shares indirectly to each of Tamela and Letsema, via Tamela SPV and Letsema SPV respectively, resulting in:

- each of the BEE Parties acquiring 2.5% of the enlarged issued share capital of the Company for the Subscription Price; and
- a total of 26 133 364 Subscription Shares being issued to the BEE Parties for a total subscription consideration of R364 225 921.

The Subscription Shares will, once issued, rank *pari passu* in all respects with the existing issued Emira Shares.

#### 4.3.2 **Funding**

The proposed BEE Transaction will be facilitated by Emira providing the Vendor Funding, for a period of five years, in a total amount of R182.1 million. The Vendor Loan Amount will bear interest at the Interest Rate for the Interest Period.

The balance of the BEE Transaction Value will be funded as follows:

- a cash investment in the amount of R18.2 million by each of the BEE Parties respectively, comprising R36.4 million in total; and
- third party debt funding in the amount of R72.8 million to each of the BEE Parties respectively, comprising R145.6 million in total.

The Subscription Price represents the 30-day VWAP at 22 May 2017, being the business day immediately preceding the date of this announcement, and no discount is applicable thereto.

The BEE Parties have committed to hold the Subscription Shares for a period of five years from the Subscription Date, being two business days after the satisfaction of the relevant conditions precedent, as set out below.

The Subscription Shares, once issued, will rank *pari passu* in all respects with the current Shares in issue.

The funding obligations of the BEE Parties will be secured by a cession and pledge of 100% of the Subscription Shares together with their rights to distributions, in favour of the third-party debt funder, with a reversionary cession and pledge therein in favour of Emira.

#### 4.3.3 **Application of proceeds**

The cash proceeds (net of the Vendor Funding) will be applied to reducing Emira's interest-bearing debt, thereby improving the Company's overall gearing ratio.

## 5. **PRO FORMA FINANCIAL EFFECTS**

The table below sets out the *pro forma* financial effects of the BEE Transaction on the published unaudited interim results of Emira for the six months ended 31 December 2016. The *pro forma* financial effects have been prepared for illustrative purposes only and because of their *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the BEE Transaction going forward.

The *pro forma* financial effects have been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited interim results of Emira for the six months ended 31 December 2016. The *Pro forma* Financial Effects are presented in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus).

The Directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* financial effects. Their responsibility includes determining that the *pro forma* financial effects have been properly compiled on the basis stated, which is consistent with the accounting policies of Emira and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* financial information disclosed pursuant to the JSE Listings Requirements.

It should be noted that the *pro forma* financial effects include the earnings effects of the application of the net proceeds from the Subscription Shares. The net proceeds of the Subscription Shares will be applied towards existing interest-bearing debt facilities.

### **Accounting treatment of the BEE Transaction**

For accounting purposes the BEE Transaction consists of two elements, which are accounted for as follows:

#### *The Cash Funded Specific Issue*

This element of the Subscription Shares is funded by the BEE Parties using a combination of their own cash reserves and third party funding as described below. Consequently, the cash proceeds, net of transaction costs, increases share capital and the number of Emira Shares in issue.

#### *The Vendor Funded Specific Issue*

Based on management's judgement and application of the control principles contained in IFRS 10: Consolidated financial statements, management concluded that they do not exercise control and consequently do not consolidate Letsema SPV and Tamela SPV on the following basis:

- Emira does not hold shares in Letsema SPV or Tamela SPV;
- Emira has no decision-making powers over or involvement with the BEE parties;
- Emira has neither substantive nor protective rights that would result in Emira having power over decision-making of Letsema SPV or Tamela SPV;
- The BEE parties are responsible for obtaining and negotiating their own financing with third party funders. Emira was not involved during these discussions and has not provided any formal or informal guarantees in relation to the liabilities due to the third-party funders;
- Emira has no step-in rights or call options relating to the BEE Transaction;
- Emira will not provide any funding in addition to the Vendor Funding or liquidity to the BEE Parties and there is no intention to do so; and
- Emira has not guaranteed the amount owed by the BEE parties to third party funders and as at the Last Practicable Date there is no intention to do so. Third party funders can dispose of the BEE parties' interest in Emira at any time if the market value of the pledged Subscription Shares is less than 1.6 times the third-party funding. Contractually, Emira has no rights over the Subscription Shares if the loan covenants are breached and also has no intention to buy back the Subscription Shares in these circumstances. Further, Emira has no rights nor has the intention to support the structure to ensure it continues as intended.

As a result, Letsema SPV and Tamela SPV constitute unconsolidated structured entities as their activities are limited to holding and financing their investments in Emira. The relevant additional disclosure required in terms of IFRS 12: *Disclosure of interest* in other entities is provided below:

- In terms of the proposed BEE Transaction a total of 26 133 364 Emira Shares will be issued for a total consideration of approximately R364.2 million. The Specific Issue will be funded by the BEE parties as follows:
  - R182.1 million (or 50%) Vendor Funding will be provided by Emira in terms of the Vendor Loan Agreements;
  - R145.6 million (or 40%) will be funded by way of external third party funding; and
  - R36.4 million (or 10%) will be funded by the BEE Parties from their own cash reserves.
- The third-party funding is subject to a five-year term and is secured by 100% of the BEE parties' Subscription Shares. These loans bear interest at the 3-month JIBAR plus a margin of 300 basis points. Interest is payable semi-annually in arrears. Third party funders have the ability to dispose of the BEE parties' interest in Emira at any time if the market value of the pledged Subscription Shares is less than 1.6 times the third-party funding.
- The Vendor Funding is secured only by means of a reversionary cession and pledge over the Subscription Shares and has a 5-year funding term. The Vendor Loan Amount bears interest at the Interest Rate for the Interest Period.
- The maximum exposure to Emira is limited to the Vendor Loan Amount.
- Emira has not provided any further funding or liquidity to the SPVs and there is no intention to do so for the tenor of the Transaction Agreements.

Considering the factors outlined above, the economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares which will be accounted for as an equity settled share-based payment arrangement in terms of IFRS 2: *Share based payments*.

	<b>Before the proposed BEE Transaction<sup>(1)</sup></b>	<b><i>Pro forma</i> after the proposed BEE Transaction<sup>(2)</sup></b>	<b>% change<sup>(3)</sup></b>
Basic earnings per share ("EPS") (cents)	90.25	86.00	(4.7)
Diluted EPS (cents)	90.25	85.95	(4.8)
Basic headline earnings per share ("HEPS") (cents)	65.44	61.82	(5.5)
Diluted HEPS (cents)	65.44	61.79	(5.6)
Distributable earnings per Share (cents)	70.88	70.61	(0.4)
Net asset value per share ("NAVPS") (cents)	1 758.67	1 748.38	(0.6)
Net tangible asset value per share ("NTAVPS") (cents)	1 758.67	1 748.38	(0.6)
Number of ordinary Shares in issue ('000)*	496 534	522 667	
Weighted average number of Shares in issue at period end ('000)	500 482	513 549	
Weighted average number of diluted Shares in issue ('000)	500 482	513 845	

\* *Applicable to distributions only.*

**Notes and assumptions:**

1. The "Before" column is based on the published unaudited interim results of Emira for the six months ended 31 December 2016.
2. The effects on earnings, diluted earnings, headline earnings, diluted headline earnings and distributable earnings per Share are based on the following assumptions:
  - a. The BEE Transaction was effective 1 July 2016.
  - b. The economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares. A once-off IFRS 2 charge on the Vendor Funded Specific Issue of 13 066 682 Subscription Shares of R15.6 million has been accounted for. On initial recognition, being the date on which the Specific Shares are issued, the equity settled share-based payment arrangement will be measured at fair value using a Black-Scholes option pricing model. The assumptions used in this model for purposes of the *pro forma* financial effects include a closing spot price of R14.00 per Emira Share as at 30 April 2017, volatility of 16.49%, risk free rate of 7.50% and an average dividend yield of 12.26% during the term of the option. Expected volatility of the share price was determined by giving consideration to the historical volatility of the Emira Share price. To the extent that the actual spot price on initial recognition is higher than the assumed spot price of R14.00 used for purposes of illustrating the *pro forma* financial effects, the actual IFRS 2 charge will exceed the R15.6 million *pro forma* IFRS 2 charge. The converse will also apply.

- c. The cash proceeds from the Cash Funded Specific Issue will be used to repay interest-bearing debt at an average rate of 8.7%, before taxation, which interest saving thereon is of a continuing nature.
  - d. Once-off transaction costs assumed of R4.7 million (excluding VAT) have been apportioned equally between equity and profit and loss and are once-off in nature.
  - e. The weighted average number of Shares in issue are increased for the Cash Funded Specific Issue, while the Shares to be issued pursuant to the Vendor Funded Specific Issue are not treated as issued for accounting purposes on the basis that the economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares.
  - f. The calculation of diluted earnings and diluted headline earnings per Share at reporting dates is determined based on the number of Shares to be issued for no consideration which is calculated as the difference between the average market price of Emira Shares for the period, minus the value of the Vendor Loan Amount at the reporting date. Based on the average Share price of Emira for the six months ended 31 December 2016 and the fair value of the Vendor Loan Amount, there is currently a diluting effect arising on the Vendor Funded Specific Issue.
  - g. Distributable earnings have been calculated by adjusting profit attributable to equity holders by adding back the once-off transaction costs recognised against profit and loss of R2.3 million together with the IFRS 2 charge of R15.6 million and including the interest receivable on the Vendor Loan Amount of R9.2 million.
  - h. The calculation of distributable earnings per Share is based on the actual number of Emira Shares in issue and includes both the Cash Funded Specific Issue and the Vendor Funded Specific Issue.
3. The effects on net asset value per Share and tangible net asset value per Share are based on the following assumptions:
    - a. The BEE Transaction was effective 31 December 2016.
    - b. The Cash Funded Specific Issue for a cash consideration of R182.1 million. Notwithstanding the Subscription Price on 22 May 2017, to the extent that the Subscription Price is at a discount to the market price on the Subscription Date, an IFRS 2 charge equivalent to the extent of the discount will be charged to the income statement for accounting purposes.
    - c. As discussed in note 2b above, the economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares. A once-off IFRS 2 charge on the Vendor Funded Specific Issue and a corresponding share-based payment reserve has been accounted for based on the assumptions set out in note 2b above.
    - d. The cash proceeds from the Cash Funded Specific Issue will be used to repay interest-bearing debt facilities.
    - e. Once-off transaction costs assumed of R4.7 million (excl. VAT) have been apportioned equally between equity and profit and loss and are once-off in nature.
  4. The detailed notes and assumptions to the *pro forma* financial effects are presented in **Annexure 1** and the *Pro forma* financial effects should be read in conjunction with the *pro forma* condensed consolidated statement of financial position and the *pro forma* condensed consolidated statement of comprehensive income contained therein. The independent reporting accountant's assurance report on the *pro forma* financial effects and *pro forma* consolidated financial information is contained in **Annexure 2**.

## 6. LISTING ON THE JSE

The JSE has approved the listing of the Subscription Shares, subject to Shareholders' approving the issue thereof. The Subscription Shares are expected to be listed on the JSE on Friday, 30 June 2017.

## 7. MATERIAL AGREEMENTS

The material agreements to the BEE Transaction are the Subscription Agreements, Relationship Agreement and Vendor Loan Agreements, as summarised below:

### 7.1 Subscription Agreements

#### 7.1.1 The parties to the Subscription Agreements are:

- in relation to Letsema: Letsema, Letsema SPV and Emira; and
- in relation to Tamela: Tamela, Tamela SPV and Emira.

#### 7.1.2 Salient Terms

(a) On the Subscription Date, each of Letsema SPV and Tamela SPV will:

- (i) subscribe for the number of Subscription Shares described in the applicable Subscription Agreement;
- (ii) pay the Subscription Price to the Company by paying or authorising the payment of an amount equal to the Subscription Price multiplied by the number of Subscription Shares being subscribed for by electronic funds transfer into the Company bank account, without deduction or set-off; and
- (iii) as soon as reasonably possible thereafter, deliver proof of payment of the aggregate Subscription Price in respect of the Subscription Shares (as described in paragraph 6.1.2(a)(ii)) to the Company.



- (b) Subject to payment of the Subscription Price under the relevant Subscription Agreements, and the aggregate Subscription Price in respect of the Subscription Shares reflecting in the Company bank account, the Company shall ensure that each of Letsema SPV and Tamela SPV is named in the Securities Register as the registered holders of their respective Subscription Shares, which are held in a CSDP, as determined in accordance with the CSDP procedures.

### 7.1.3 **Conditions precedent**

The provisions of the Subscription Agreements shall take effect and become operative at such time as:

- (i) the Agreed Form MOIs of Letsema SPV and Tamela SPV, respectively, have been lodged at CIPC;
- (ii) the boards of Directors of Letsema SPV and Tamela SPV have duly passed the requisite resolutions approving and authorising the BEE Transaction;
- (iii) the Transaction Agreements have been duly executed and have become unconditional;
- (iv) copies of the resolutions contained in the Circular have been approved by the Shareholders; and
- (v) the Board has passed the requisite resolutions approving and authorising the BEE Transaction.

### 7.1.4 **Termination**

If any of the conditions precedent has not been fulfilled on or before 28 June 2017, then Emira shall be entitled to cancel the Subscription Agreements and all of the other Transaction Agreements by written notice to Letsema and/or Tamela.

## 7.2 **Relationship Agreement**

### 7.2.1 **Parties to the Relationship Agreement**

The parties to the Relationship Agreement are Tamela, Tamela SPV, Letsema, Letsema SPV and Emira.

### 7.2.2 **Salient Terms**

- (a) For the duration of the Lock-in Period:
  - (i) Letsema and Tamela shall not cede in security, pledge, encumber, dispose or subject any of the shares they hold in the ordinary issued share capital of the BEE Parties to a security interest, other than in accordance with the Transaction Agreements; and
  - (ii) the BEE Parties shall not cede in security, pledge, encumber, dispose or subject any of the Subscription Shares to a security interest, other than in accordance with the Transaction Agreements.
- (b) Each of Tamela, Letsema and the BEE Parties undertake in favour of Emira that, for the duration of the Lock-in Period, each of them will remain Black-Owned Companies.
- (c) Upon the expiry of the Lock-in Period and the BEE Parties becoming entitled to dispose of the Subscription Shares, the BEE Parties agree that they will each sell no more than 10% of the Subscription Shares that they subscribe for under the respective Subscription Agreements in any single week after the Lock-in Period has expired, without the prior written consent of Emira. This restriction shall apply for six months from the date that the Lock-in Period expires.
- (d) The restrictions contained in paragraphs 7.2.2 (a) to (c) above, will not apply to a disposal that occurs:
  - (i) on or after 1 July 2022, for the purpose of repaying all outstanding amounts under the Institutional Funding documents; or



- (ii) pursuant to a change of control in Emira, provided that any such disposal shall be for the purpose of repaying all amounts under the Transaction Documents and Institutional Funding documents, subject to the prior written consent of the third-party debt funder.

### 7.2.3 Termination

The Relationship Agreement will terminate in respect of the rights and obligations of the parties thereto on the date that a termination event occurs, the Lock-in Period expires, or the date on which all Parties agree in writing to terminate the Relationship Agreement.

A termination event shall occur if:

- (a) a BEE Party makes a serious or persistent default in the reasonable opinion of Emira in performing or observing under the Relationship Agreement and, where that default is capable of remedy, fails to remedy it within 5 (five) business days after service of written notice from Emira requiring it to remedy that default;
- (b) a BEE Party is (whether voluntarily or otherwise) subject to any provisional or final order for its sequestration, curatorship, liquidation, winding-up, business rescue or is made subject to any similar disability or is deregistered; or
- (c) a BEE Party fails to maintain its status as a Black-Owned Company.

## 7.3 Vendor Loan Agreements

### 7.3.1 Parties to the Vendor Loan Agreements

The parties to the Vendor Loan Agreements are:

- (a) in relation to Tamela, Tamela SPV and Emira; and
- (b) in relation to Letsema, Letsema SPV and Emira,

(for the purposes of this paragraph 6.3, each of Tamela SPV and Letsema SPV is referred to as a “**Borrower**”).

### 7.3.2 Salient Terms

#### 7.3.2.1 Advance

- (a) Provided that the conditions precedent to the Vendor Loan Agreements have been satisfied, the relevant portion of the Vendor Loan Amount shall be advanced to each respective Borrower on the Subscription Date.
- (b) On the Subscription Date, the obligation of Emira to advance the relevant portion of the Loan Amount to each Borrower is set-off against the obligation of each Borrower to make payment of a portion of the Subscription Price equal to the relevant portion of the Loan Amount to Emira pursuant to the terms of each respective Subscription Agreement.

#### 7.3.2.2 Repayment

##### 7.3.2.2.1 Repayment of the loan

- (a) Subject to paragraphs (b) and (c) below, the Vendor Loan, together with accrued and unpaid interest, if any, shall be repaid in full by the date which is no later than five years and four months after the Subscription Date.
- (b) If a Borrower receives any capital distributions in respect of the Subscription Shares prior to the Final Repayment Date, it shall apply the aggregate amount of such capital distributions received in respect of 50% of the Subscription Shares originally subscribed for by such Borrower on the Subscription Date towards repayment of the loan to Emira.
- (c) Each Borrower shall apply a portion of the first distribution received from Emira towards accrued interest under the Vendor

Loan as at the date of receipt thereof, and the balance of such first distribution, towards repayment of the Vendor Loan Amount to Emira, immediately upon receipt thereof by such Borrower.

7.3.2.2.2 No re-borrowing

The Borrower may not re-borrow any part of the Vendor Loan which is repaid or prepaid.

7.3.2.3 *Interest*

- (a) The Vendor Loan advanced under each of the Vendor Loan Agreements shall bear interest for each period of six months, ending on either 30 June or 31 December in each year, at the rate derived by dividing the aggregate amount of distributions paid or payable by Emira on 50% of the Subscription Shares originally subscribed for by the Borrower on the Subscription Date, by the Vendor Loan Amount, expressed as a percentage. The final interest period shall run from the last day of the preceding interest period until the final repayment date, and interest for this period shall accrue at the same rate as that applied to the immediately preceding interest period.
- (b) Each Borrower shall pay accrued interest on the Vendor Loan on each interest payment date, being each date on which any distributions are paid or scheduled to be paid by Emira to each Borrower in respect of the Subscription Shares, and the final repayment date.
- (c) On each interest payment date, the amount of the relevant distributions shall be paid into an account with the third-party debt funder, to be applied towards settlement of amounts owing to the third-party debt funder and Emira under the debt funding arrangements.

7.3.2.4 *Security*

With effect from the Subscription Date, each of the BEE Parties pledges the Subscription Shares (on a reversionary basis, subject to a cession in favour of the third-party debt funder) and cedes in *securitatem debiti* to Emira all of the rights and interests in and to the Subscription Shares as a continuing general covering collateral security for the due, proper and timeous payment and performance in full of all of the secured obligations of the BEE Parties in terms of the Vendor Loan Agreements. Unless and until Emira is entitled to exercise its rights in terms hereof, the BEE Parties will retain ownership of the Subscription Shares and their rights and interests therein.

7.3.3 **Conditions Precedent**

Emira will not be obliged to advance the Vendor Loan Amount to, or on behalf of, a Borrower unless it has received all of the documents and other evidence listed in Schedule 1 (Conditions Precedent) to the Vendor Loan Agreements in the form and substance satisfactory to Emira.

7.3.4 **Events of Default**

On and at any time after the occurrence of an event of default (as defined in the Vendor Loan Agreements) Emira may, by notice to the Borrower:

- (a) cancel all or any part of the Vendor Loan Amount (to the extent the Vendor Loan Amount has not been advanced to the Borrower) whereupon it will immediately be cancelled;
- (b) declare that all or part of the Vendor Loan, together with accrued interest, and all other amounts accrued or outstanding under the finance documents (being the Vendor Loan Agreements, the reversionary cession and pledge agreement and any other document designated as such by Emira and the Borrower), including any cost, loss or liability incurred by Emira as a result of the occurrence of any default, be immediately due and payable, whereupon they will become immediately due and payable;
- (c) declare that all or part of the Vendor Loan, including any cost, loss or liability incurred by Emira as a result of the occurrence of any default, be payable on demand, whereupon such amounts will immediately become payable on demand by Emira; and/or

- (d) exercise any or all of its rights, remedies, powers or discretions under the aforementioned finance documents.

## 8. FURTHER INFORMATION REGARDING EMIRA

### 8.1 Share price history

The Share price history of Emira Shares is set out in **Annexure 3**.

### 8.2 Authorised and issued Share capital

The table below reflects the authorised and issued Share capital of Emira as at the Last Practicable Date:

	<b>Stated Capital R'000</b>
<b>Authorised</b>	
2 000 000 000 Shares	–
<b>Issued</b>	
496 533 883 Shares	3 787 074

The table below reflects the authorised and issued Share capital of Emira after the Specific Issue:

	<b>Stated Capital R'000</b>
<b>Authorised</b>	
2 000 000 000 Shares	–
<b>Issued</b>	
509 600 565 Shares	3 964 468

Emira holds no Shares in treasury.

### 8.3 Directors' interests in securities

The table below reflects the direct and indirect beneficial interests of Directors' and their associates in the issued Share capital of Emira at 30 June 2016:

<b>Director</b>	<b>Direct</b>	<b>Indirect</b>	<b>Total</b>
GM Jennett and associates		50 000	50 000
MS Aitken and associates	20 000	288 000	308 000
NE Makiwane and associates		536 741	536 741
MSB Nesor and associates*		20 000	20 000
BJ van der Ross and associates*		1 807 694	1 807 694
<b>Total</b>	<b>20 000</b>	<b>2 702 435</b>	<b>2 722 435</b>

\*Note: MSB Nesor and BJ van der Ross retired from the Board with effect from 14 February 2017.

Since the Company's year-end on 30 June 2016, the following changes have taken place in respect of the Directors' interests:

<b>Dates</b>	<b>Name of Director</b>	<b>Transaction</b>	<b>Number of Shares</b>
7 – 9 September 2016	Associate of BJ van der Ross*	Disposal	680 538
5 – 7 December 2016	Associate of GM Jennett	Acquisition	22 000

\*Note: BJ van der Ross retired from the Board with effect from 14 February 2017.

#### 8.4 Directors' interests in transactions

Save for Vusi Mahlangu, who has an indirect interest of 0.83% in the BEE Transaction due to his effective shareholding of 32.56% in Tamela SPV, no Director of Emira has any material direct or indirect beneficial interest in any transactions which were affected by the Company during the current or immediately preceding financial year, or during an earlier financial year, which remain in anyway outstanding or unperformed. Given Vusi Mahlangu's interest in the BEE Transaction as described in paragraphs 4.2.2 and 4.2.3 of this Circular, a fairness opinion by the Independent Expert on the Specific Issue to Tamela SPV is required as a result of the existence of the Vendor Funding. The fairness opinion has been included in this Circular as **Annexure 4**.

#### 8.5 Directors' remuneration

There will be no variation to the remuneration of the Directors as a result of the proposed BEE Transaction, save for remuneration that would become payable to Derek Thomas in the event of his appointment to the Board, as described in clause 8.6 below.

#### 8.6 Directors' information

Save for the retirement of Ben van der Ross and Thys Nesor effective 14 February 2017 and the appointment as Chairman of Gerhard van Zyl effective 15 February 2017, there have been no further changes to the Board since the Company's year-end on 30 June 2016. After the BEE Transaction has been implemented, the Board will consider the potential appointment of Derek Thomas as representative of Letsema to the Board.

### 9. LITIGATION STATEMENT

An arbitration hearing between Emira and Worley Parsons regarding their lease obligations at Corobay Corner, took place in November 2016. The arbitrator delivered his judgement on 3 February 2017 and ruled that the lease existed, had been unlawfully repudiated by Worley Parsons and that Emira is entitled to damages. Emira has commenced its damages claim against Worley Parsons.

Save for the arbitration, there are no other legal or arbitration proceedings, including any proceedings that are pending or threatened, of which the Emira is aware, that may have or have had, in the recent past, being the previous 12 months, a material effect on the Emira group's financial position.

### 10. EXPENSES

The costs and expenses of the BEE Transaction payable by Emira, estimated at R4.7 million (excluding VAT), are set out below:

	<b>R</b>
Transaction Sponsor – Questco Proprietary Limited	275 000
Independent Expert – Questco Proprietary Limited	50 000
Transaction Advisor – Macquarie Capital South Africa Proprietary Limited	3 000 000
Legal Adviser – Allen & Overy	750 000
Independent Reporting Accountants – PricewaterhouseCoopers Inc.	350 000
JSE Limited – documentation fees	19 526
JSE Limited – listing fees	225 357
Ince Proprietary Limited – printing and publishing costs	42 360
Transfer Secretaries – Computershare	7 200
	<b>4 719 443</b>

Emira has not incurred any preliminary expenses in the three years preceding the date of the Circular.

### 11. CONSENTS

The Transaction Advisor, Transaction Sponsor and Independent Expert, Legal Adviser, Independent Reporting Accountant and Transfer Secretaries have consented in writing to act in the capacity stated, and have not, prior to the Last Practicable Date, withdrawn their written consents for inclusion of their names in this Circular.

The Independent Reporting Accountants and the Independent Expert have given and have not withdrawn their consent of the inclusion of their reports in the context and form in which they appear in this Circular.

## 12. **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors, whose names appear in the Corporate Information section of this Circular, collectively and individually accept full responsibility for the accuracy of the information given in this Circular and certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading, and that they have made all reasonable enquiries in this regard to ascertain such facts and certify that, to the best of their knowledge and belief, the Circular contains all information required by the JSE Listings Requirements and by law.

## 13. **DIRECTORS' OPINION AND RECOMMENDATIONS**

The Board has considered the terms of the proposed BEE Transaction and the terms of the Specific Issue to the related party, Tamela SPV, together with the fairness opinion by the Independent Expert, and is of the opinion that the terms and conditions thereof are fair to Emira Shareholders, excluding Tamela SPV and its associates.

The Board accordingly recommends that Shareholders vote in favour of the Resolutions set out in the Notice of General Meeting, which forms part of this Circular and advise that, in respect of their own shareholdings in Emira, they intend to vote in favour of the Resolutions contained in such notice.

## 14. **GENERAL MEETING**

A General Meeting of Emira Shareholders will be held on Wednesday, 28 June 2017 at 10:00, to consider, and, if deemed fit, pass, with or without modification, the Resolutions contained in the Notice of General Meeting.

A notice convening the General Meeting and a Form of Proxy, for use by Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration, is attached to and forms part of this Circular. Duly completed Forms of Proxy must be received by the Transfer Secretaries by no later than 10:00 on Monday, 26 June 2017.

Shareholders are referred to the "Action required by Shareholders" section of this Circular, which contains information as to the action they need to take in regard to the General Meeting.

## 15. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the Company's offices and Questco's offices from the date of posting of this Circular until the date of the General Meeting:

- the Memorandum of Incorporation of Emira;
- the Transaction Agreements;
- a signed copy of this Circular;
- the independent reporting accountants' assurance report on the pro-forma consolidated financial information, included in this Circular as **Annexure 2**;
- the audited annual financial information of Emira for the three years ended 30 June 2016, 30 June 2015 and 30 June 2014;
- the fairness opinion included in this Circular as **Annexure 4**;
- written consents from each of the experts referred to in paragraph 11; and
- copies of all other material agreements.

**SIGNED IN JOHANNESBURG BY OR ON BEHALF OF ALL THE DIRECTORS OF EMIRA ON WEDNESDAY, 24 MAY 2017 IN TERMS OF POWERS OF ATTORNEY GRANTED BY THE DIRECTORS OF EMIRA.**

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## **PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EMIRA BEFORE AND AFTER THE BEE TRANSACTION**

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The tables below set out the *pro forma* consolidated financial information of Emira based on the published unaudited interim results for the six months ended 31 December 2016. The *pro forma* consolidated financial information has been prepared for illustrative purposes only and because of its *pro forma* nature, may not fairly present the Company's financial position, changes in equity, results of operations or cash flows, nor the effect and impact of the BEE Transaction going forward.

The purpose of the *pro forma* consolidated financial information is to illustrate the impact of the BEE Transaction had it been effective 31 December 2016 for purposes of the *pro forma* condensed consolidated statement of financial position and 1 July 2016 for purposes of the *pro forma* condensed consolidated statement of comprehensive income and on the assumptions set out below. The *pro forma* consolidated financial information presented below does not purport to be indicative of the financial results and effects of the BEE Transaction if it had been implemented on a different date.

The *pro forma* consolidated financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the published unaudited interim results of Emira for the six months ended 31 December 2016. The *pro forma* consolidated financial information is presented in accordance with the JSE Listings Requirements, the Guide on *Pro Forma* Financial Information issued by the South African Institute of Chartered Accountants and ISAE 3420 (Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus).

It should be noted that the *Pro Forma* Financial Information includes the earnings effects of the application of the net proceeds from the Subscription Shares. The net proceeds of the Subscription Shares will be applied towards existing interest-bearing debt facilities.

The Directors of the Company are responsible for the compilation, contents and preparation of the *pro forma* consolidated financial information. Their responsibility includes determining that the *pro forma* consolidated financial information has been properly compiled on the basis stated, which is consistent with the accounting policies of Emira and that the *pro forma* adjustments are appropriate for purposes of the *pro forma* consolidated financial information disclosed pursuant to the JSE Listings Requirements.

The *pro forma* condensed consolidated statement of financial position as at 31 December 2016 and the *pro forma* condensed consolidated statement of comprehensive income for the six months then ended, should be read in conjunction with the independent reporting accountant's assurance report thereon contained in **Annexure 2**.

### **Accounting treatment of the BEE Transaction**

Refer to paragraph 5 of the Circular for an overview of the accounting treatment and related considerations and disclosures.

The *pro forma* condensed consolidated statement of financial position below presents the effects of the BEE Transaction on the unaudited interim results of Emira for the six months ended 31 December 2016 on the assumption that the BEE Transaction was effective 31 December 2016.

**Pro-forma condensed consolidated statement of financial position at 31 December 2016**

R'000	Note	Before the proposed BEE transaction <sup>1</sup>	BEE transaction <sup>2</sup>	<i>Pro forma</i> after the proposed BEE transaction
<b>ASSETS</b>				
<b>Non-current assets</b>		13 265 373	–	13 265 373
Fair value of investment properties		12 338 573	–	12 338 573
Investment properties		11 954 055	–	11 954 055
Fixtures and fittings		83 357	–	83 357
Allowance for future rental escalations		281 941	–	281 941
Unamortised upfront lease costs		19 220	–	19 220
Listed property investment		924 160	–	924 160
Loan receivable		–	–	–
Derivative financial instruments		2 640	–	2 640
<b>Current assets</b>		1 298 707	(4 719)	1 293 988
Accounts receivable		299 606	–	299 606
Derivative financial instruments		75 863	–	75 863
Cash and cash equivalents	2c	6 153	(4 719)	1 434
Investment properties held for sale		917 085		917 085
<b>Total assets</b>		<b>14 564 080</b>	<b>(4 719)</b>	<b>14 559 361</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Participatory interest holder's capital and reserves</b>				
Share capital and reserves	2d	8 732 376	177 394	8 909 770
Treasury shares		(200 207)	–	(200 207)
<b>Non-current liabilities</b>		3 523 136	–	3 523 136
Interest-bearing debt		3 519 077	–	3 519 077
Derivative financial instruments		4 059	–	4 059
<b>Current liabilities</b>		2 308 568	(182 113)	2 126 455
ST portion of interest-bearing debt	2e	1 858 532	(182 113)	1 676 419
Accounts payable		423 500	–	423 500
Derivative financial instruments		26 536	–	26 536
<b>Total equity and liabilities</b>		<b>14 564 080</b>	<b>(4 719)</b>	<b>14 559 361</b>
Number of shares in issue (net of treasury shares) ('000)	2f	496 534	13 067	509 601
Net asset value per share (cents)		1 759		1 748
Tangible net asset value per share (cents)		1 759		1 748



**Notes and assumptions:**

1. Extracted from the published unaudited interim results of Emira for the six months ended 31 December 2016.
2. The "BEE Transaction" column reflects the *pro forma* adjustments in relation to the BEE Transaction based on the following assumptions:
  - (a) The *pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Emira managements' judgement and best estimates at this stage.
  - (b) The BEE Transaction is effective on 31 December 2016 for purposes of presenting the *pro forma* effects thereof on Emira.
  - (c) Estimated transaction costs of R4.7 million are assumed to be settled from cash and cash equivalents.
  - (d) Relates to the change in share capital and reserves as follows:

	<b>R in '000s</b>
<b>The Cash Funded Specific Issue:</b>	182 113
The Specific Issue of 13 066 682 Subscription Shares to BEE Parties for cash at the Subscription Price.	
<b>The Vendor Funded Specific Issue:</b>	15 564
The economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares.	
On initial recognition, being the date on which the Vendor Funded Specific Issue of 13 066 682 Subscription Shares are issued, a once-off IFRS 2 charge and corresponding share-based payment reserve is recognised in respect of the equity-settled share-based payment arrangement. The share-based payment arrangement will be measured at fair value, using a Black-Scholes option pricing model on the effective date of the BEE Transaction.	
The assumptions used in this model for purposes of the <i>pro forma</i> financial effects include:	
<ul style="list-style-type: none"> <li>• A closing spot price of R14.00 per Emira Share as at 30 April 2017;</li> <li>• Volatility of 16.49% (based on historical trends in the Emira Share price);</li> <li>• A risk-free rate of 7.50%; and</li> <li>• An average dividend yield of 12.26% during the term of the option.</li> </ul>	
Consequently, reserves are increased for the share-based payment reserve arising as a result.	
Once off estimated transaction costs of R4.7 million have been apportioned equally between equity and profit and loss and are once-off in nature.	(4 719)
Retained earnings are reduced for the once-off IFRS 2 charge as described above.	(15 564)
	<b>177 394</b>

- (e) The cash proceeds from the Cash Funded Specific Issue will be used to repay interest-bearing debt facilities.
- (f) Relates to the change in the number of Emira Shares in issue as follows:

<b>The Cash Funded Specific Issue:</b>	13 066 682
<b>The Vendor Funded Specific Issue:</b>	-
The Subscription Shares issued to the BEE Parties are not treated as issued for accounting purposes on the basis that the economic substance of the Vendor Funded Specific Issue is the granting of a call option on Emira Shares.	
	<b>13 066 682</b>



The *pro forma* condensed consolidated statement of comprehensive income below presents the effects of the BEE Transaction on the unaudited interim results of Emira for the six months ended 31 December 2016 on the assumption that the BEE Transaction was effective 1 July 2016.

**Pro-forma condensed consolidated statement of comprehensive income for the six months ended 31 December 2016**

R'000	Note	Before the proposed BEE transaction <sup>1</sup>	BEE transaction <sup>2</sup>	<i>Pro forma</i> after the proposed BEE transaction
<b>Revenue</b>				
Operating lease rental income from investment properties and tenant recoveries		890 839	–	890 839
Allowance for future escalations		(12 525)	–	(12 525)
Income from listed property investment		29 216	–	29 216
Property expenses		(343 952)	–	(343 952)
Transaction costs			–	–
Fee paid on cancellation of interest rate swap			–	–
Advisory fees	2e	(5 184)	(2 360)	(7 544)
Administration expenses	2c	(49 100)	(15 564)	(64 664)
Depreciation		(6 055)	–	(6 055)
<b>Operating profit</b>		503 239	(17 924)	485 315
<b>Net fair value adjustments</b>		69 472	–	69 472
Net fair value gain on investment properties		124 170	–	124 170
Change in fair value as a result of straight-lining lease rentals		12 525	–	12 525
Change in fair value as a result of upfront lease costs		5 838	–	5 838
Change in fair value as a result of property appreciation in value		105 807	–	105 807
Revaluation relating to share appreciation rights		6 287	–	6 287
Unrealised gain on FV of listed property investments		(60 985)	–	(60 985)
<b>Profit before finance cost</b>		572 711	(17 924)	554 787
<b>Net finance costs</b>				
Finance income		6 263	–	6 263
Finance costs	2d	(127 310)	7 922	(119 388)
Interest paid on amortised borrowings		(214 306)	7 922	(206 384)
Interest capitalised to cost of developments		14 233	–	14 233
Unrealised surplus/deficit on revaluation of interest rate swaps		72 763	–	72 763
<b>Profit before income tax</b>		451 664	(10 002)	441 662
<b>Normal SA tax</b>		–	–	–
Deferred tax		–	–	–
<b>Profit for the year</b>		451 664	(10 002)	441 662
Attributable to Emira equity holders		451 664	(10 002)	441 662

R'000	Note	Before the proposed BEE transaction <sup>1</sup>	BEE transaction <sup>2</sup>	<i>Pro forma</i> after the proposed BEE transaction
Attributable to non-controlling interest		–	–	–
<b>Profit attributable to equity holders</b>		451 664	(10 002)	441 662
Adjusted for:				
Net fair value gain on investment properties		(124 170)	–	(124 170)
Change in fair value of investment properties as a result of straight-lining		–	–	–
Change in fair value of investment properties as a result of upfront lease costs		–	–	–
Change in fair value of investment properties as a result of property appreciation in value		(124 170)	–	(124 170)
<b>Headline earnings</b>		327 494	(10 002)	317 492
<b>Weighted average number of ordinary shares ('000)</b>	2f	<b>500 482</b>	<b>13 067</b>	<b>513 549</b>
<b>Weighted average number of diluted ordinary shares ('000)</b>	2g	<b>500 482</b>		<b>513 845</b>
Earnings per share(cents)		90.25		86.00
Diluted earnings per share (cents)	2g	90.25		85.95
Headline earnings per share (cents)		65.44		61.82
Diluted headline earnings per share (cents)	2g	65.44		61.79
Distributable earnings per share (cents)		70.88		70.61

**Notes and assumptions:**

1. Extracted from the published unaudited interim results of Emira for the six months ended 31 December 2016.
2. The "BEE Transaction" column reflects the *pro forma* adjustments in relation to the BEE Transaction based on the following assumptions:
  - (a) The *pro forma* adjustments have been prepared using accounting policies in terms of IFRS and Emira managements' judgement and best estimates at this stage.
  - (b) The BEE Transaction is effective on 1 July 2016 for purposes of presenting the *pro forma* effects thereof on Emira.
  - (c) As discussed in note 2d to the *pro forma* condensed consolidated statement of financial position, the economic substance of the Vendor Funded Specific Issue, is the granting of a call option on Emira Shares.

On initial recognition, being the date on which the Vendor Funded Specific Issue of 13 066 682 Subscription Shares are issued, a once-off IFRS 2 charge and corresponding share-based payment reserve is recognised in respect of the equity settled share-based payment arrangement. The share-based payment arrangement will be measured at fair value, using a Black-Scholes option pricing model on the effective date of the BEE Transaction.

The assumptions used in this model for purposes of the *pro forma* financial effects include:

- A closing spot price of R14.00 per Emira Share as at 30 April 2017;
- Volatility of 16.49% (based on historical trends in the Emira Share price);
- A risk-free rate of 7.50%; and
- An average dividend yield of 12.26% during the term of the option.

Consequently, a once-off IFRS 2 share-based payment charge of R15.6 million has been accounted for as a *pro forma* adjustment.

- (a) The cash proceeds from the Cash Funded Specific Issue of 13 066 682 Subscription Shares, net of transaction costs, will be used to repay interest-bearing debt at an average rate of 8.7%, before taxation, which interest saving thereon is of a continuing nature.
- (b) Once-off transaction costs of R4.7 million have been apportioned equally between equity and profit and loss and are once-off in nature.
- (c) The weighted average number of ordinary shares are increased for the Specific Issue of 13 066 682 Subscription Shares for cash, while the Vendor Funded Subscription Shares issued to the BEE Parties are not treated as issued for accounting purposes on the basis that the economic substance of the Vendor Funded Subscription Shares is the granting of a call option on Emira Shares.

(d) The calculation of diluted earnings and diluted headline earnings per share at reporting dates is determined based on the number of shares to be issued for no consideration which is calculated as the difference between the average market price of Emira Shares for the period, minus the value of the vendor loan at the reporting date. Based on the share price of Emira for the six months ended 31 December 2016 and the fair value of the Vendor Loan Amount, there is currently a diluting effect arising on the issue of the vendor funded Subscription Shares.

3. All adjustments are of a continuing nature unless otherwise noted.

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## INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF EMIRA

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The Board of Directors  
Emira Property Fund Limited  
1st Floor, Optimum House  
Epsom Downs Office Park  
13 Sloane Street  
Bryanston  
2191

24 May 2017

### INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION OF EMIRA PROPERTY FUND LIMITED ("EMIRA" OR "THE COMPANY")

#### Introduction

Emira Property Fund Limited ("**Emira**" or "**the Company**") is issuing a circular to its shareholders ("**the Circular**") regarding the specific issue of shares to certain Black Economic Empowerment ("**BEE**") parties (the "**BEE Transaction**").

At your request and for the purposes of the Circular to be dated on or about 29 May 2017, we present our assurance report on the compilation of the *pro forma* financial information of Emira by the Directors. The *pro forma* financial information, presented in paragraph 5 and **Annexure 1** to the Circular, consists of the *pro forma* statement of financial position as at 31 December 2016, the *pro forma* statement of comprehensive income for the six months ended 31 December 2016 and the *pro forma* financial effects ("**the Pro Forma Financial Information**"). The *Pro Forma* Financial Information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements.

The *Pro Forma* Financial Information has been compiled by the Directors to illustrate the impact of the BEE Transaction on the Company's reported financial position as at 31 December 2016, and the Company's financial performance for the period then ended, as if the BEE Transaction had taken place at 31 December 2016 and 1 July 2016, respectively. As part of this process, information about the Company's financial position and financial performance has been extracted by the Directors from the Company's published unaudited interim financial results for the six months ended 31 December 2016.

#### Directors' responsibility

The Directors of Emira are responsible for the compilation, contents and presentation of the *Pro Forma* Financial Information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 5 and **Annexure 1**. The Directors of Emira are also responsible for the financial information from which it has been prepared.

#### Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Professional Conduct for Registered Auditors issued by the Independent Regulatory Board for Auditors (IRBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B).

The firm applies International Standard on Quality Control 1 and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *Pro Forma* Financial Information has been compiled, in all material respects, by the Directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information Included in a Prospectus. This standard requires that we plan and perform our procedures to obtain reasonable assurance about whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *Pro Forma* Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *Pro Forma* Financial Information.

As the purpose of *Pro Forma* Financial Information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *Pro Forma* Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *Pro forma* adjustments give appropriate effect to those criteria; and
- The *Pro Forma* Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *Pro Forma* Financial Information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *Pro Forma* Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the *Pro Forma* Financial Information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 5 and **Annexure 1** of the Circular.

## PricewaterhouseCoopers Inc.

Director: **Victor Muguto**

Registered Auditor

Sunninghill"

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**PRICE HISTORY OF EMIRA SHARES ON THE JSE**


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	<b>High (cps)</b>	<b>Low (cps)</b>	<b>Volume (shares)</b>	<b>Value (R)</b>
<b>Monthly</b>				
April 2017	1 41 0	1 360	15 305 571	212 336 742
March 2017	1 538	1 330	38 224 952	556 394 580
February 2017	1 488	1 391	46 390 161	671 834 562
January 2017	1 466	1 390	71 495 518	1 020 480 016
December 2016	1 446	1 353	16 284 730	227 783 797
November 2016	1 467	1 334	17 341 436	244 300 267
October 2016	1 497	1 385	20 012 830	286 306 493
September 2016	1 499	1 335	23 502 115	329 326 421
August 2016	1 521	1 400	31 045 400	451 121 709
July 2016	1 498	1 355	21 419 117	303 174 028
June 2016	1 625	1 221	45 470 931	648 197 824
May 2016	1 600	1 490	17 441 494	269 393 481
<b>Daily 2017</b>				
24 March	1 456	1 444	1 345 730	19 506 204
27 March	1 466	1 425	997 212	14 290 159
28 March	1 428	1 415	1 237 166	17 581 932
29 March	1 425	1 403	2 053 584	28 990 097
30 March	1 440	1 402	634 245	8 982 031
31 March	1 406	1 330	1 049 028	14 587 815
3 April	1 399	1 385	499 299	6 963 356
4 April	1 399	1 375	1 831 114	25 335 496
5 April	1 409	1 372	1 027 155	14 139 058
6 April	1 373	1 360	290 197	3 972 668
7 April	1 396	1 366	380 742	5 220 123
10 April	1 385	1 363	270 506	3 715 977
11 April	1 385	1 370	257 913	3 544 285
12 April	1 395	1 375	1 911 866	26 523 288
13 April	1 390	1 378	256 941	3 554 119
18 April	1 399	1 379	1 054 739	14 702 380
19 April	1 395	1 385	1 271 836	17 678 724
20 April	1 391	1 370	222 692	3 082 825
21 April	1 393	1 364	776 083	10 688 233
24 April	1 403	1 373	2 153 571	29 990 317
25 April	1 399	1 383	974 202	13 540 641
26 April	1 402	1 390	1 609 841	22 439 963
28 April	1 41 0	1 398	516 874	7 245 290
2 May	1 402	1 389	1 464 443	20 418 067
3 May	1 409	1 391	1 188 371	16 635 724
4 May	1 410	1 397	1 320 027	18 491 127
5 May	1 410	1 398	2 261 602	31 765 253
8 May	1 405	1 395	192 811	2 706 266
9 May	1 422	1 398	2 020 102	28 331 777
10 May	1 428	1 400	512 243	7 202 638
11 May	1 408	1 400	618 362	8 678 738

	<b>High (cps)</b>	<b>Low (cps)</b>	<b>Volume (shares)</b>	<b>Value (R)</b>
12 May	1 428	1 400	121 597	1 707 878
15 May	1 428	1 397	419 231	5 881 679
16 May	1 407	1 392	352 610	4 934 676
17 May	1 405	1 388	2 813 342	39 246 068
18 May	1 404	1 373	2 696 363	37 563 990
19 May	1 391	1 365	168 536	2 327 828
22 May	1 394	1 372	180 139	2 501 360

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## INDEPENDENT EXPERT FAIRNESS OPINION

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“The Board of Directors  
Emira Property Fund Limited  
1st Floor, Optimum House  
Epsom Downs Office Park  
13 Sloane Street  
Bryanston, 2191

24 May 2017

Dear Sirs and Madam

### INDEPENDENT FAIRNESS OPINION IN RESPECT OF THE PROPOSED SUBSCRIPTION FOR EMIRA SHARES BY A RELATED PARTY IN TERMS OF A PROPOSED BEE TRANSACTION

#### INTRODUCTION AND SCOPE

Emira Property Fund Limited (“**Emira**”) has, in furtherance of its transformation strategy, entered into a set of transaction agreements with Black Economic Empowerment parties, Tamela Holdings Proprietary Limited (“**Tamela**”) and Letsema Holdings Proprietary Limited (“**Letsema**”), through their respective wholly-owned SPV vehicles, being Tamela Property Investments Proprietary Limited (“**Tamela SPV**”) and Luxanio Trading 157 Proprietary Limited (collectively “**the BEE Parties**”), to implement a specific issue of ordinary shares in Emira (“**Shares**” or “**Emira Shares**”) to the BEE Parties (“**the Specific Issue**”).

The Specific Issue involves the subscription by the BEE Parties for 26 133 364 Shares (“**the Subscription Shares**”) at a subscription price of R13.9372 per Share (“**Subscription Price**”) for a total subscription consideration of R364 225 921 (“**Consideration**”). The Subscription Price represents the 30-day VWAP at 22 May 2017, being the business day immediately preceding the date of the announcement published on SENS on 23 May 2017, and no discount is applicable thereto.

The proposed Specific Issue will be facilitated by Emira providing vendor funding (“**Vendor Funding**”), for a period of five years, in a total amount of R182.1 million (“**the Vendor Loan Amount**”) for 50% of the Subscription Shares (“**the Vendor Funded Subscription Shares**”). The Vendor Loan Amount will bear interest for each Interest Period (as defined in the Circular) at a rate derived by dividing the aggregate amount of distributions paid by Emira during the said Interest Period on 50% of the Subscription Shares by the Vendor Loan Amount.

The balance of the consideration payable for the Subscription Shares (“**the Fully Funded Subscription Shares**”) will be funded as follows:

- a cash payment in the amount of R18.2 million by each of the BEE Parties respectively, comprising R36.4 million in total (“**the Cash Payment**”); and
- third party debt funding from a third-party funder (“**Third Party Funder**”) in the amount of R72.8 million to each of the BEE Parties respectively, comprising R145.6 million in total (“**Third Party Loan**”).

The Specific Issue, the Cash Payment, the Vendor Funding and the Third Party Loan are collectively referred to below as “**the Transaction**”.

The BEE Parties have committed to hold the Subscription Shares for a period of five years from the subscription date, being two business days after the satisfaction of the relevant conditions precedent, as set out below.

The Subscription Shares, once issued, will rank *pari passu* in all respects with the current Shares in issue.

The funding obligations of the BEE Parties will be secured by a cession and pledge of 100% of the Subscription Shares together with their rights to distributions, in favour of the third party Funder, with a reversionary cession and pledge therein in favour of Emira.

The proposed Specific Issue will result in an aggregate BEE shareholding by the BEE Parties in the enlarged issued share capital of Emira of 5.0% immediately after the issue of the Subscription Shares, which date is expected to be Friday, 30 June 2017, subject to approval of the Specific Issue by the Emira shareholders (“**Emira Shareholders**” or “**Shareholders**”) at the General Meeting.



## JSE LISTINGS REQUIREMENTS

Tamela SPV is an associate (as defined by the JSE Listings Requirements) of Vusi Mahlangu, a Non-Executive Director of Emira. Accordingly, Tamela SPV is a related party as defined in paragraph 10.1(b)(vii) of the JSE Listings Requirements (the **"Related Party"**).

In terms of the JSE Listings Requirements, the JSE has required the board of Directors of Emira (the **"Board"**) to obtain a report from an independent expert to opine on whether the Transaction is fair towards Emira Shareholders, excluding the Related Party and its associates.

## SCOPE

Questco (Pty) Ltd (**"Questco"**) has been appointed by the Board in terms of the JSE Listings Requirements as the independent professional expert, to advise the Board on whether the terms of the Transaction are fair to Shareholders of Emira, excluding the Related Party and its associates.

## RESPONSIBILITY

Compliance with the JSE Listings Requirements and the rules and regulations of other relevant regulatory authorities is the responsibility of the Board. Questco's responsibility is to opine on the fairness of the Transaction (**"our Opinion"**).

We confirm that our Opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Shareholders.

## NATURE OF THE TRANSACTION

The interest rate applicable to the Vendor Funding equals the distribution payable on the Vendor Funded Subscription Shares over the term of the Vendor Funding, resulting in no economic dilution to current Emira Shareholders until such time as the capital amount of the Vendor Funding is repaid at the end of its term of five years and four months (**"the Final Repayment Date"**). In that time, Tamela SPV may not cede in security, pledge, encumber, dispose of or subject any of the Subscription Shares to a security interest other than in accordance with the Transaction Agreements (as defined in the circular to which this Opinion is attached) (the **"Transaction Agreements"** and the **"Circular", respectively**) (**"the Lock-In"**). Furthermore, there are loan covenants pertinent to the Third Party Loan resulting in the Third Party Funder having security interests over the Vendor Funded Subscription Shares under certain circumstances. Accordingly, the economic substance (although not the legal form) of the Transaction is that Emira has issued options in favour of both Tamela and the Third Party Funder over the Vendor Funded Subscription Shares (**"the Derivatives"**).

## DEFINITION OF THE TERM "FAIRNESS"

The term "fairness" is based on quantitative aspects of the Transaction. The Transaction will be considered fair if the Consideration for the Subscription Shares is higher than, or equal to, the fair value of the Subscription Shares and the direct financial assistance (by way of the direct Vendor Funding) and indirect financial assistance (in the form of the facilitation of the Third Party Funding, via Emira allowing their own security to be subordinated to the Third Party Funding via the reversionary pledge and cession in respect of the Subscription Shares) afforded by Emira to Tamela SPV in the form of the Derivatives. The Subscription Shares and the Derivatives have been valued using recognised valuation techniques.

## INFORMATION AND SOURCES OF INFORMATION

In the course of our analysis, we relied upon financial and other information obtained from Emira executive management (**"Emira Management"**), together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects and accordingly we cannot express any opinion on the financial and other information used in arriving at our Opinion.

The principal sources of information used in formulating our Opinion regarding the Transaction include:

- a draft of the Circular setting out, amongst other things, the terms of the Transaction;
- the Transaction Agreements;
- the audited annual financial statements for Emira for the financial year ended 30 June 2016 and the unaudited interim financial results for Emira for the six-month period ended 31 December 2016;

- the forecast financial information relating to Emira for the years ending 30 June 2017 to 30 June 2020 (“the Forecast Period”);
- discussions with Emira Management on prevailing market, economic, legal and other conditions which may affect underlying value;
- publicly available information relating to Emira that we deemed to be relevant, including company announcements, including the announcement published on SENS on 20 June 2016 relating to Emira’s forecast distributions for the year to 30 June 2017;
- comparative financial and market information on appropriate peer issuers in the South African listed property sector;
- analysts’ reports on relevant sector participants and the South African-listed property sector as a whole, published by leading research analysts;
- economic outlooks prepared by leading South African banks; and
- online and subscription databases covering financial markets, share prices, volumes traded, share price volatility, interest and bond rates and news.

Where practical and where possible, we have corroborated the reasonability of the information provided to us for the purpose of forming our Opinion, including publicly available information, whether in writing or obtained in discussions with Emira Management, as applicable and appropriate.

## **PROCEDURES PERFORMED**

In arriving at our Opinion, amongst other things, we have undertaken the following procedures in evaluating the fairness of the Transaction:

- considered the terms and conditions of the Transaction, the Vendor Funding, the Third Party Loan and the terms of the Transaction Agreements, as they pertain to Tamela, and specifically the rights and obligations arising from them for both Tamela and Emira;
- analysed and reviewed the forecast financial information for Emira for the Forecast Period;
- reviewed and analysed the most recently published financial information of peer group companies, including their latest annual reports, including statements made regarding prospects and growth in distributions per share;
- considered the prevailing economic and market conditions within the South African-listed property sector;
- performed a valuation of Emira Shares using valuation techniques appropriate to the nature of the business of Emira;
- performed a valuation of the Derivatives using valuation techniques appropriate to the nature of the Derivatives created; and
- considered other facts and information relevant to concluding this Opinion.

We have satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions underlying the forecasts used to formulate our Opinion by:

- considering the historical trends of such information and assumptions;
- taking into account strategic developments within Emira, which had no impact on historical performance but which will have an impact on future performance; and
- comparing and corroborating such information and assumptions with external sources of information if such information is available.

## **VALUATION METHODOLOGIES AND KEY CONSIDERATIONS**

The methodologies employed by Questco and key considerations in arriving at an estimated fair value range included:

- determining the current fair value per Emira Share using the Market Approach, where Emira’s one-year forward free cash flow per Share (the forecast distribution per Share) into perpetuity was discounted by a discount rate derived from those of a peer group and adjusting it to take into account Emira-specific factors/risks;
- determining the fair value of the Derivatives by applying the Black-Scholes valuation methodology;
- considering the volume weighted average trading price of the Emira Shares at market close on the day immediately prior to the date of this Opinion letter and the volume of Shares traded annually (i.e. Share liquidity); and
- considering the restrictions on tradability contained in the various agreements governing the Transaction.

## KEY ASSUMPTIONS AND SENSITIVITY ANALYSIS

### *Assumptions driving forecast distributable income*

In assessing the fair value of the Subscription Price of the Vendor Funded Subscription Shares, the key internal value drivers identified were, *inter alia*, vacancy assumptions, lease renewal assumptions, lease escalation rates and expectations as to the rate at which municipal expenses can be recovered from tenants.

The vast majority of Emira's distributable net income before interest is earned through direct property ownership. Net property income is forecast on a lease-by-lease and property-by-property basis. Different assumptions are made for each individual property in relation to vacancies, lease renewals, escalation rates for renewed leases, municipal recoveries, etc. The impact on fair value of any one of these assumptions across 136 properties and leases in respect of approximately 2300 tenants on forecast distributable income is not materially sensitive. Accordingly, sensitivity analyses have not been performed. The only material external value driver is the blended interest rate payable on third party bank debt. Whilst fluctuating interest rates may impact value, Emira manages its exposure to fluctuating interest rates through hedging activities. Approximately 85% of total interest-bearing debt is fixed and interest has been forecast according to the hedging arrangements currently in place. Insofar as unhedged debt is concerned, interest rate increases in August 2017 and April 2018 of 25 basis points each have been assumed. The impact on distributable income per Share of an unexpected 25 basis point increase or decrease in interest rates is approximately 0.4 cents, which is not material to our valuation or the outcome of our Opinion.

### *Assumptions used to calculate the fair value of the Derivatives*

In assessing the fair value of the Derivatives, the key value drivers requiring subjective assessment are future volatility in the price at which Emira Shares trade on the JSE and the risk-free rate of return.

As regards volatility we have applied Emira's historic, dividend-adjusted volatility. Should the future volatility of the Share price increase by 1%, the fair value of the Derivatives will increase by 3.66% and the fair value of the Transaction will increase by 0.69%.

We have used the five-year government bond rate as a proxy for the risk-free rate of return. Should this rate decrease by 1%, the fair value of the Derivatives will increase by 1.16% and the fair value of the Transaction will increase by 0.22%.

## OPINION

Based on the procedures and assumptions set out above, the Consideration exceeds the indicative aggregate fair value of the Subscription Shares and the Derivatives (i.e. the direct and indirect financial assistance granted).

Based upon the conclusions drawn and set out above and subject to the conditions set out herein, Questco is of the opinion that the terms of the Transaction are fair to Emira Shareholders, excluding the Related Party and its associates.

Our Opinion is necessarily based upon the information available to us up to 23 May 2017. Accordingly, it should be understood that subsequent developments may affect this Opinion, which we are under no obligation to update, revise or re-affirm.

## LIMITING CONDITIONS

This Opinion is provided to the Emira Board in connection with and for the purpose of the Transaction. This Opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This Opinion does not purport to cater for each individual Shareholder's perspective or circumstances, but rather that of the general body of Shareholders. Should a Shareholder be in doubt as to what action to take, he or she should consult an independent adviser.

An individual Shareholder's decision as to whether to vote in favour of the Specific Issue, may be influenced by his or her particular circumstances. We confirm that although our Opinion has been provided to the Board for the purpose of assisting it to form and express an opinion for the benefit of Shareholders, the ultimate assessment as to whether or not the Board decides to recommend the Transaction is the responsibility of the Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our Opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our Opinion, whether in writing or obtained through discussion with the management of Emira, by reference to publicly available or independently obtained information. Our engagement does not, however, constitute or include an audit conducted in accordance with generally accepted auditing standards.

The forecasts of Emira relate to future events and are based on assumptions that may or may not remain valid for the Forecast Period. Consequently, such information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely the actual future results of Emira will correspond to those projected. Where practical, we compared the forecast financial information to past trends and third party estimates as well as discussing the assumptions with Emira Management, as applicable. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of Emira and we express no opinion on such consequences.

### **INDEPENDENCE, COMPETENCE AND FEES**

We confirm that we have no direct or indirect interest in Emira Shares or in the implementation of the Transaction. We also confirm that we have the necessary competence to provide this Opinion. We confirm that our professional fees are not contingent upon the success of the Transaction. The fee payable to us for compiling this Opinion is R50 000.00 (exclusive of value added tax thereon).

### **CONSENT**

We hereby consent to the inclusion of this Opinion, in whole or in part, and any references thereto, in the form and context in which they appear, in the Circular.

Yours faithfully

### **MANDY RAMSDEN**

First Floor, Yellowwood House, Ballywoods Office Park  
33 Ballyclare Drive  
Bryanston  
2191"



EMIRA  
PROPERTY FUND

## EMIRA PROPERTY FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2014/130842/06)

JSE share code: EMI ISIN: ZAE000203063

(Approved as a REIT by the JSE)

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### NOTICE OF GENERAL MEETING

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Notice is hereby given that a General Meeting of the Company will be held at the offices of Emira at 1st Floor, Optimum House, Epsom Downs Office Park, 13 Sloane Street, Bryanston, at 10:00 on Wednesday, 28 June 2017, to consider and if deemed fit, to pass, with or without modification, the following ordinary resolutions.

#### Identification

In terms of section 63(1) of the Companies Act, meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the General Meeting. Types of identification that will be acceptable include original and valid identity documents, driver's licences and passports.

#### Record Dates for the General Meeting

The Board has determined that the record date for the purpose of determining which Shareholders are entitled to receive this Notice of General Meeting is Friday, 19 May 2017 and that the record date for purposes of determining which Shareholders are entitled to participate in and vote at the General Meeting is Friday, 23 June 2017. Accordingly, the last day to trade in the Company's Shares in order to be recorded in the Securities Register to be entitled to vote will be Tuesday, 20 June 2017.

#### ORDINARY RESOLUTION NUMBER 1

**"RESOLVED THAT,** the Company be and is hereby authorised to issue 26 133 364 Subscription Shares to the BEE Parties at the Subscription Price on the Subscription Date, in terms of a specific issue of shares for cash and in terms of the Subscription Agreements for the purpose of implementing the proposed BEE Transaction, subject to the Companies Act, the MOI and the provisions of the JSE Listings Requirements."

In terms of the JSE Listings Requirements, this resolution must be adopted by achieving a 75% majority of the votes cast in favour thereof by Shareholders present in person or represented by proxy. Although as at the Last Practicable Date, neither Vusi Mahlangu nor his associates held any Shares, to the extent that they may hold Shares on the Record Date, they will be taken into account in determining a quorum at the General Meeting, but their votes will not be taken into account in determining the results of voting at the General Meeting.

#### ORDINARY RESOLUTION NUMBER 2

**"RESOLVED THAT,** any Director or the Company Secretary of Emira be and is hereby authorised to do all such things and sign all such documents as may be necessary to give effect to the Resolutions."

This resolution must be adopted by achieving at least 50% + 1 (fifty percent plus one) of all votes cast in favour thereof by Shareholders present in person or represented by proxy.

## **PROXIES AND VOTING**

### *Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration*

If you are unable to attend the General Meeting of Emira Shareholders to be held at the offices of Emira situated at 1st Floor, Optimum House, Epsom Downs Office Park, 13 Sloane Street, Bryanston on Wednesday, 28 June 2017 at 10:00 and wish to be represented thereat, you are requested to complete and return the attached Form of Proxy in accordance with the instructions contained therein and lodge it with, or post it to, the Transfer Secretaries, so as to be received by no later than 10:00 on Monday, 26 June 2017. Nevertheless, completed Forms of Proxy may be lodged with the Chairman at any time prior to the commencement of voting on the Resolutions at the General Meeting.

### *Dematerialised Shareholders, other than those with Own-Name Registration*

If you hold dematerialised shares in Emira through a CSDP or Broker and do not have an Own-Name Registration, you must timeously advise your CSDP or Broker of your intention to attend and vote at the General Meeting or be represented by proxy thereat in order for your CSDP or Broker to provide you with the necessary authorisation to do so, or should you not wish to attend the General Meeting in person, you must timeously provide your CSDP or Broker with your voting instruction in order for the CSDP or Broker to vote in accordance with your instruction at the General Meeting.

Each Shareholder, whether present in person or represented by proxy, is entitled to attend and vote at the General Meeting. On a show of hands every Shareholder who is present in person or by proxy shall have one vote and, on a poll, every Shareholder present in person or by proxy shall have one vote for each Share held.

## **Company Secretary**

By order of the Board

29 May 2017

### **Registered office:**

Optimum House  
Epsom Downs Office Park  
13 Sloane Street  
Bryanston, 2191  
(PO Box 69104, Bryanston, 2021)

### **Transfer Secretaries:**

Computershare Investor Services Proprietary Limited  
2nd Floor, Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(PO Box 61051, Marshalltown, 2107)



**EMIRA**  
PROPERTY FUND

**EMIRA PROPERTY FUND LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2014/130842/06)  
JSE share code: EMI ISIN: ZAE000203063  
(Approved as a REIT by the JSE)

**FORM OF PROXY**

To be completed by Certificated Shareholders and Dematerialised Shareholders with Own-Name Registration only.

**For use in respect of the General Meeting to be held at the offices of Emira situated at 1st Floor, Optimum House, Epsom Downs Office Park, 13 Sloane Street, Bryanston, at 10:00 on Wednesday, 28 June 2017.**

I/We

(full name/s in BLOCK LETTERS)

of (address)

Telephone work ( )

Telephone home ( )

Mobile

Email address

being the holder(s) of  ordinary shares in the Company, appoint (see note 1):

1.  or failing him/her,

2.  or failing him/her,

3. the Chairman of the General Meeting,

as my/our proxy to act on my/our behalf at the General Meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the Resolutions or to abstain from voting in respect of the Shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per Share)		
	For	Against	Abstain
Ordinary resolution number 1 – approval of the Specific Issue			
Ordinary resolution number 2 – Directors' authorising resolution			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

**Each Emira Shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that shareholder at the General Meeting.**

Signed at  on  2017

Signature(s)

Capacity

**Please read the notes on the reverse side hereof.**



## Notes to the Form of Proxy:

1. This form of proxy is for use by certificated Shareholders and dematerialised Shareholders with "own-name" registration whose shares are registered in their own names on the record date and who wish to appoint another person to represent them at the General Meeting. If duly authorised, companies and other corporate bodies, who are Shareholders, having Shares registered in their own names may appoint a proxy using this form of proxy, or may appoint a representative in accordance with the last paragraph below.  
Other Shareholders should not use this form. All beneficial holders who have dematerialised their Shares through a Central Securities Depository Participant ("CSDP") or Broker, and do not have their shares registered in their own name, must provide the CSDP or Broker with their voting instructions. Alternatively, if they wish to attend the General Meeting in person, they should request the CSDP or Broker to provide them with a letter of representation in terms of the custody agreement entered into between the beneficial owner and the CSDP or Broker.
2. Shareholders are requested to lodge completed Forms of Proxy at the Transfer Secretaries by not later than 10:00 on Monday, 26 June 2017. Nevertheless, completed Forms of Proxy may be lodged at any time prior to the commencement of voting on the resolutions at the General Meeting.
3. This proxy shall apply to all the Shares registered in the name of Shareholders at the record date unless a lesser number of Shares are inserted.
4. A Shareholder may appoint one person as the proxy by inserting the name of such proxy in the space provided. Any such proxy need not be a Shareholder of the Company. If the name of the proxy is not inserted, the Chairman of the General Meeting will be appointed as proxy. If more than one name is inserted, then the person whose name appears first on this form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of any persons whose names follow. The proxy appointed in this form of proxy may delegate the authority given to him/her in this form of proxy by delivering to the Company, in the manner required by these instructions, a further form of proxy which has been completed in a manner consistent with the authority given to the proxy of this form of proxy.
5. Unless revoked, the appointment of proxy in terms of this form of proxy remains valid until the end of the General Meeting even if such meeting or a part thereof is postponed or adjourned.
6. If:
  - 6.1 a Shareholder does not indicate on this instrument that the proxy is to vote in favour of or against or to abstain from voting on any resolution; or
  - 6.2 the Shareholder gives contrary instructions in relation to any matter; or
  - 6.3 any additional resolution/s which are properly put before the General Meeting; or
  - 6.4 any resolution listed in the form of proxy is modified or amended,the proxy shall be entitled to vote or abstain from voting, as he/she thinks fit, in relation to that resolution or matter. If, however, the Shareholder has provided further written instructions which accompany this form of proxy and which indicate how the form of proxy should vote or abstain from voting in any of the circumstances referred to in 6.1 to 6.4, then the form of proxy shall comply with those instructions.
7. If this proxy is signed by a person (signatory) on behalf of the Shareholder, whether in terms of a power of attorney or otherwise, then this form of proxy will not be effective unless:
  - 7.1 it is accompanied by a certified copy of the authority given by the Shareholder to the signatory; or
  - 7.2 the Company has already received a certified copy of that authority.
8. The Chairman of the General Meeting may, at the Chairman's discretion, accept or reject any form of proxy or other written appointment of a proxy which is received by the Chairman prior to the time when the General Meeting deals with a resolution or matter to which the appointment of the proxy relates, even if that appointment of a proxy has not been completed and/or received in accordance with these instructions. However, the Chairman shall not accept any such appointment of a proxy unless the Chairman is satisfied that it reflects the intention of the Shareholder appointing the proxy.
9. Any alterations made in this form of proxy must be initialled by the authorised signatory/ies.
10. This form of proxy is revoked if the Shareholder who granted the proxy:
  - 10.1 delivers a copy of the revocation instrument to the Company and to the proxy or proxies concerned, so that it is received by the Company by not later than 10:00 on Wednesday, 28 June 2017; or
  - 10.2 appoints a later, inconsistent appointment of proxy for the General Meeting; or
  - 10.3 attends the General Meeting in person.
11. If duly authorised, companies and other corporate bodies who are Shareholders of the Company having Shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the General Meeting by giving written notice of the appointment of that representative. This notice will not be effective at the General Meeting unless it is accompanied by a duly certified copy of the resolution/s or other authorities in terms of which that representative is appointed in accordance with the timelines set out in paragraph 2 above.



**SUMMARY OF RIGHTS ESTABLISHED BY SECTION 58 OF THE COMPANIES ACT, 71 OF 2008 (“COMPANIES ACT”), AS REQUIRED IN TERMS OF SUB-SECTION 58(8)(B)(I):**

1. A Shareholder may at any time appoint any individual, including a non-Shareholder of the Company, as a proxy to participate in, speak and vote at a Shareholders' meeting on his/her behalf (section 58(1)(a)), or to give or withhold consent on behalf of the Shareholder to a decision in terms of section 60 (Shareholders acting other than at a meeting) (section 58(1)(b)).
2. A proxy appointment must be in writing, dated and signed by the Shareholder, and remains valid for one year after the date on which it was signed or any longer or shorter period expressly set out in the appointment, unless it is revoked in terms of paragraph 6.3 below or expires earlier in terms of paragraph 10.4 below (section 58(2)).
3. A Shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the Shareholder (section 58(3)(a)).
4. A proxy may delegate his/her authority to act on behalf of the Shareholder to another person, subject to any restriction set out in the instrument appointing the proxy ("proxy instrument") (section 58(3)(b)).
5. A copy of the proxy instrument must be delivered to the Company, or to any other person acting on behalf of the Company, before the proxy exercises any rights of the Shareholder at a Shareholders' meeting (section 58(3)(c)) and in terms of the Memorandum of Incorporation ("MOI") of the Company at least 48 hours before the meeting commences.
6. Irrespective of the form of instrument used to appoint a proxy:
  - 6.1 the appointment is suspended at any time and to the extent that the Shareholder chooses to act directly and in person in the exercise of any rights as a Shareholder (section 58(4)(a));
  - 6.2 the appointment is revocable unless the proxy appointment expressly states otherwise (section 58(4)(b)); and
  - 6.3 if the appointment is revocable, a Shareholder may revoke the proxy appointment by cancelling it in writing or by making a later, inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and to the Company (section 58(4)(c)).
7. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered as contemplated in paragraph 6.3 above (section 58(5)).
8. If the proxy instrument has been delivered to a Company, as long as that appointment remains in effect, any notice required by the Companies Act or the Company's MOI to be delivered by the Company to the Shareholder must be delivered by the Company to the Shareholder (section 58(6)(a)), or the proxy or proxies, if the Shareholder has directed the Company to do so in writing and paid any reasonable fee charged by the Company for doing so (section 58(6)(b)).
9. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Shareholder without direction, except to the extent that the MOI or proxy instrument provides otherwise (section 58(7)).
10. If a Company issues an invitation to Shareholders to appoint one or more persons named by the Company as a proxy, or supplies a form of proxy instrument:
  - 10.1 the invitation must be sent to every Shareholder entitled to notice of the meeting at which the proxy is intended to be exercised (section 58(8)(a));
  - 10.2 the invitation or form of proxy instrument supplied by the Company must:
    - 10.2.1 bear a reasonably prominent summary of the rights established in section 58 of the Companies Act (section 58(8)(b)(i));
    - 10.2.2 contain adequate blank space, immediately preceding the name(s) of any person(s) named in it, to enable a Shareholder to write the name, and if desired, an alternative name of a proxy chosen by the Shareholder (section 58(8)(b)(ii)); and
    - 10.2.3 provide adequate space for the Shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution(s) to be put at the meeting, or is to abstain from voting (section 58(8)(b)(iii));
  - 10.3 the Company must not require that the proxy appointment be made irrevocable (section 58(8)(c)); and
  - 10.4 the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to paragraph 7 above (section 58(8)(d)).

