

**ECHO POLSKA PROPERTIES N.V.**

(Incorporated in The Netherlands)

(Company number 64965945)

JSE share code: EPP

ISIN: NL0011983374

LEI Code: 7245003P7O9N5BN8C098

(“**EPP**” or “**the company**”)

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**DISPOSAL OF OFFICE PORTFOLIO**

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**1. INTRODUCTION**

Shareholders are advised that EPP has reached an agreement for the disposal of a portfolio of office properties Tryton Business House in Gdansk, A4 Business Park in Katowice and West Gate in Wroclaw (the “**Office Portfolio**”). The agreed estimated transaction price for the shares in the companies controlling the Office Portfolio shall amount to EUR 160 million (the “**Price**”), (jointly the “**Transaction**”).

The company intends utilising the sale proceeds from the disposal to finance further retail acquisitions.

Further details of the Office Portfolio are set out in paragraph 4 below.

**2. RATIONALE**

Consecutive sale of the Office Portfolio forms significant part of the company’s strategy, as EPP is planning to become a purely retail investment platform over the period of next 3-4 years. The Office Portfolio subject to the Transaction consists of pre-selected assets, which represent high investment value. The Transaction generates profit on initial investment and proceeds can be used to fund further retail acquisitions limiting the necessity to raise capital from the market.

**3. TERMS OF THE TRANSACTION**

A preliminary agreement has been entered into on 3 October 2017 between EPP and Echo Polska Properties (Cyprus) PLC (EPP’s wholly owned subsidiary), as the sellers (the “**Seller**”) and Griffin Premium RE..N.V., as the purchaser, (the “**Purchaser**”) in terms of which, the Seller shall sell and the Purchaser shall buy the shares (the “**Shares**”) in the companies (being wholly-owned by the Seller)) which control the Office Portfolio.

Subject to the satisfaction of certain conditions by 31 January 2018 (with a mechanism for prolonging the long stop date in case the condition listed under item 3 below is not satisfied on time), the Seller and the Purchaser shall be obliged to enter into a final share purchase agreement in respect of the Shares, and consequently the Purchaser shall pay the Price and the Seller shall transfer the Shares.

The conditions include:

1. the acquisition of at least 50% plus one share in the share capital of the Purchaser by Globalworth Asset Managers SRL and/or Globalworth Real Estate Investments Limited (“**GREIL**”) in the tender offer announced by GREIL pursuant to an investment agreement relating to the shares in the Purchaser executed on or about the date of the agreement for the disposal of the Office Portfolio; and
2. the receipt by the Seller of the originals, and by the Purchaser of copies, from the relevant financing banks of a payoff letter(s) specifying the amount to be paid to the financing banks upon the completion of the Transaction to discharge the in-place financing;
3. the approval of the acquisition of Shares by the general meeting of shareholders of the Purchaser.

On the completion of the Transaction the Seller shall execute the rental guarantee agreements (the “**RGAs**”) pursuant to which the Seller shall guarantee the rent for the vacancies in some of the buildings as well as certain parameters of the currently existing rental agreements. The term of the RGAs shall be from three to five years commencing on the day of the completion of the Transaction.

The Seller has provided standard warranties and indemnities for a transaction of this nature. It envisaged that the business representations and warranties (i.e. other than the representations and warranties related to the title to the Shares and the real properties) will be insured.

#### 4. PROPERTY SPECIFIC INFORMATION

<b>Seller Subsidiary</b>	<b>Property name</b>	<b>Geographical location</b>	<b>Sector</b>	<b>GLA (m<sup>2</sup>)</b>	<b>Weighted average office rental per m<sup>2</sup> (EUR/m<sup>2</sup>)</b>	<b>Value attributed to the property as at 30 June 2017 (EUR)</b>
Ormonde spolka z ograniczona odpowiedzialnoscia – Limited Partner Tryton	Tryton Business House	Gdańsk, Poland	Office	23,997	12.62	50,200,000
Emfold Investments spolka z ograniczona odpowiedzialnoscia – General Partner Tryton						
Wetherall Investments spolka z ograniczona odpowiedzialnoscia – Limited Partner	A4 Business Park	Katowice, Poland	Office	30,556	13.17	65,200,000
Iris Capital spolka z ograniczona odpowiedzialnoscia – General Partner						
Wagstaff Investments spolka z ograniczona odpowiedzialnoscia	West Gate	Wrocław, Poland	Office	16,646	13.25	39,400,000
Westgate spolka z ograniczona odpowiedzialnoscia						
	<b>Total</b>			71,198	13.02	154,800,000

The net operating income for the 12 months ended 30 June 2017 attributable to the Office Portfolio amounted to EUR 9,791,000. This historic information is not representative of the income generating capabilities of the assets due to some of them not being held for a full 12 month period. Annualized fully-let net operating income attributable to all assets from the Office Portfolio amounts to EUR 11,719,000.

The values attributed to each of the properties comprising the Office Portfolio as of the date hereof is considered to be its fair market value, as determined by the directors of the company. The directors of the company are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Act, No.47 of 2000.

## 5. CATEGORISATION OF THE TRANSACTION

In accordance with the JSE Listings Requirements, the Transaction is classified as a category 2 transaction and accordingly does not require approval by EPP's shareholders.

## 6. CAUTIONARY ANNOUNCEMENT

Shareholders are referred to the cautionary announcement issued on 26 September 2017 (“**cautionary announcement**”), wherein shareholders were advised that EPP had entered into negotiations regarding certain potential acquisitions which, if successfully concluded, may have a material effect on the price of the company's securities. The Transaction has no impact on the cautionary announcement and shareholders are accordingly advised to continue to exercise caution when dealing in the company's securities until a further announcement is made.

4 October 2017

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JSE Sponsor

The logo for Java Capital, featuring the word "JAVACAPITAL" in a sans-serif font. A blue horizontal line is drawn through the letters "A" and "V".

LuxSE Listing Agent

The logo for M Partners, featuring the word "MPartners" in a sans-serif font. The letter "M" is in a reddish-orange color, and "Partners" is in a grey color.

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