
ACQUISITION OF RETAIL PROPERTY PORTFOLIO AND WITHDRAWAL OF CAUTIONARY

Shareholders are advised that EPP has concluded a preliminary acquisition agreement (the "**preliminary acquisition agreement**") with Buffalo Poland Holdco S.à.r.l, Buffalo Poland Holdco II S.à.r.l and Factory Poland Holdco S.à.r.l, (the "**sellers**"), real estate funds managed by Blackstone, to acquire, as a composite transaction, 4 retail properties (the "**properties**") for an aggregate consideration of € 166.57 million ("**the transaction**" or "**the acquisition/s**"). To this end, EPP will acquire:

- 100% of the equity in Kłodzko Retail LLC ("**Kłodzko Retail**"), which holds the legal title (in the form of ownership rights) to the Galeria Twierdza Shopping Centre situated in Kłodzko, Poland ("**Twierdza Kłodzko**") for an aggregate purchase consideration of €40.67 million. Prior to the closing of the transaction Kłodzko Retail will also acquire the perpetual usufruct right to the plot adjacent to Twierdza Kłodzko on which a Broaster Chicken Drive restaurant is located;
- 100% of the equity in Zamość Retail LLC which holds the legal title (partly in the form of ownership rights and partly as the holder of perpetual usufruct rights) to the Galeria Twierdza Shopping Centre situated in Zamość, Poland for an aggregate purchase consideration of €53.51 million;
- 100% of the equity in Kalisz Retail LLC which holds the legal title (in the form of a co-ownership right) to the Galeria Tęcza Shopping Centre situated in Kalisz, Poland for an aggregate purchase consideration of €23.21 million. The remaining co-owner is Spółem Supermarket that owns the premises from which it operates within the Galeria Tęcza Shopping Centre; and
- 100% of the equity in Włocławek Retail LLC ("**Wzorcownia Retail**") which holds legal title to the Wzorcownia Shopping Centre situated in Włocławek, Poland ("**Wzorcownia**") for an aggregate purchase consideration of € 49.17 million. Wzorcownia is spread across 16 different plots, with different forms of ownership rights. Wzorcownia Retail has ownership rights in respect of 2 plots and perpetual usufruct rights in respect of 1 plot, comprising the majority of Wzorcownia. Wzorcownia Retail owns 11 separate premises with a 25.27% share in the co-ownership right of the plots and 2 separate premises with a 60.19% share in the co-ownership right of the plots. The remaining co-ownership rights are held by individuals and Budizol Sp. z o. o. Property S.K.A. respectively.

Prior to the conclusion of the final sale agreement in respect of the transaction, a Cypriot subsidiary of EPP will assume all of EPP's rights and obligations in respect of the transaction.

RATIONALE FOR THE TRANSACTION

The transaction is in line with EPP's stated strategy of acquiring quality retail assets in strategic locations. The properties comprise recently developed modern retail centers that are regionally dominant, each with a balanced tenant mix of predominately institutional quality tenants (including those representing leading international brands). Twierdza Kłodzko and Wzorcownia are the only large modern retail properties in their respective cities. All four properties have easy access by road and public transport (with three of them located in the city centre) and are located in cities which are commercial, tourist or industrial hubs. The purchase consideration of €166.57 million represents an acquisition yield of approximately 7.5%.

SALIENT TERMS OF THE TRANSACTION

The transaction is expected to close no earlier than 1 May 2017 and no later than 30 September 2017. The purchase consideration for the transaction will be paid in cash on the closing date of the transaction. The acquisitions will be funded through a combination of debt, potential proceeds from the recycling of assets and the issuance of new shares.

The transaction remains conditional upon:

- EPP obtaining competition clearance from the President of the Polish Office of Competition and Consumer Protection;
- the issuance of an insurance policy in favour of EPP to cover any liability of the sellers under the sellers' warranties and representations furnished in terms of the transaction agreements;
- the issuance of an insurance policy in favour of EPP to cover any liability of the sellers in respect of the sellers' title to the equity in Kłodzko Retail, Zamość Retail LLC, Kalisz Retail LLC and Włocławek Retail LLC (“**the companies**”) and the companies' title to the properties;
- the completion of certain internal corporate restructuring of the companies to ensure a positive net asset position and a reduction of the companies' liabilities under intra-group loans, to meet certain contractual criteria;
- EPP obtaining debt finance in respect of circa 55% of the total purchase consideration payable for the acquisitions.

Upon the fulfilment of the conditions precedent set out above, an unconditional final share purchase agreement will be concluded on the same terms as the preliminary acquisition agreement.

The preliminary acquisition agreement includes warranties, indemnities and undertakings which are normal for a transaction of this nature.

PROPERTY SPECIFIC INFORMATION

The property specific information required in terms of the JSE Listings Requirements in relation to the properties including property name and address, geographical location, rentable area, weighted average rental per square metre and value attributable to the property is set out below.

Property name and address	Galeria Twierdza, Kłodzko, Noworuda 2 St., Kłodzko, Poland
Sector	Retail
Geographic location	Kłodzko, Poland
Gross lettable area (m²)	23 359
Weighted average rental per m²	€11.52
Value attributed to the property	€40.67 million
Property name and address	Galeria Twierdza, Zamość, Przemysłowa 10 St, Zamość, Poland
Sector	Retail
Geographic location	Zamość, Poland
Rentable area (m²)	23 796
Weighted average rental per m²	€12.66
Value attributed to the property	€53.51 million
Property name and address	Galeria Tęcza, 3 Maja 1 St, Kalisz, Poland
Sector	Retail
Geographic location	Kalisz, Poland
Rentable area (m²)	16 002
Weighted average rental per m²	€10.94
Value attributed to the property	€23.21 million
Property name and address	Galeria Wzorcownia, Kilińskiego 3 St, Włocławek, Poland
Sector	Retail
Geographic location	Włocławek, Poland
Rentable area (m²)	25 589
Weighted average rental per m²	€12.13
Value attributed to the property	€49.17 million

The board is satisfied that the value of each of the properties is in line with the purchase prices being paid for the properties by EPP. The directors of EPP are not registered as independent professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No 47 of 2000.

CATEGORISATION OF THE TRANSACTION AND WITHDRAWAL OF CAUTIONARY

The transaction is classified as a category 2 transaction in terms of paragraph 9.5(a) of the JSE Listing Requirements of the JSE Limited. The transaction is not subject to approval by EPP shareholders.

Following the release of this announcement, the cautionary announcement released on SENS on 25 January 2017 is withdrawn and caution is no longer required to be exercised by shareholders when dealing in their EPP shares.

About EPP

EPP is a Dutch dual listed real estate investment company that follows the REIT formula, investing in retail, office and industrial properties throughout Poland. With a current portfolio that includes 10 office, 10 retail projects and one retail development site in the centre of Warsaw totaling 636 170 m², EPP's portfolio is highly diversified. The buildings are located in 13 major cities across the country, characterized by their strong economy, purchasing power and ability to attract international investment interests. EPP's goal is to create Poland's leading cash-generating platform of well-performing office, retail and industrial assets that will deliver consistently high returns to EPP shareholders. Further information on EPP is available on EPP's website www.echo-pp.com.

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JSE sponsor and Corporate Advisor



LuxSE Listing Agent



More information:

Magda Cieliczko, Marketing Director Echo Polska Properties,
Mobile: +48 603 203 619
magda.cieliczko@echo-pp.com

Java Capital, JSE Sponsor
Phone: +27 11 722 3050

M Partners, Luxembourg Listing Agent
Phone: +352 263 868 602

Jacques de Bie, South Africa, Investor Relations, Singular Systems IR
Mobile: +27 (0)82 691 5384