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**")

ACQUISITION OF A POLISH RETAIL PROPERTY PORTFOLIO AND CAUTIONARY ANNOUNCEMENT

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1. INTRODUCTION

Shareholders are advised that EPP has reached an agreement to acquire a portfolio of retail properties (the "Specified Portfolio") for a combined consideration that values the portfolio at Euro 692.1 million (collectively, the "Transaction").

The Specified Portfolio comprises twelve retail properties of which eight comprise shopping centres and four retail parks with over 620 stores situated in strong regional cities across Poland. The Specified Portfolio has an aggregate gross lettable area around 450 000 m^2.

2. RATIONALE

The Transaction is consistent with EPP's investment strategy and provides the following benefits:

- Doubling the company's current retail portfolio gross lettable area;
- Acquiring a stable portfolio with a strong track record;
- Further geographic expansion into established regional cities;
- Significant anchor tenants; and
- The potential for future value creation and uplift via property redevelopments and extensions.

3. TERMS OF THE TRANSACTION

Agreements have been entered into on 10 October 2017 between, *inter alia*, EPP, as the purchaser (the "Purchaser") and Chariot Top Group B.V. (held as to 37,5% by LVS II Lux XXVII S.à r.l (an entity aligned with Pacific Investment Management Company, LLC ("Pimco")), 37,5% by an entity managed by Oaktree Capital Management L.P. ("Oaktree") and 25% by Redefine Properties Limited), as the seller, (the "Seller') in terms of which, as part of a broader transaction in which the Seller acquires a large property portfolio (including, not only, the Specified Portfolio), the Seller sells to EPP, shares in companies (wholly-owned by the Seller) which will own directly or through their respective wholly-owned subsidiaries the Specified Portfolio. The sale will occur in three separate tranches of firstly, the First Tranche Portfolio, as set out in paragraph 3.1 below, (the "First Tranche Acquisition") secondly, the Second Tranche Portfolio, as set out in paragraph 3.2 below, (the "Second Tranche Acquisition") and thirdly, the Third Tranche Portfolio, as set out in paragraph 3.3 below, (the "Third Tranche Acquisition") for an aggregate purchase consideration of Euro 254.3 million, as follows -

3.1. First Tranche Acquisition

3.1.1. The "First Tranche Portfolio" ("FTP") comprises 4 properties with an aggregate GLA of 194 400 m^2 with an aggregate value of EUR 358.7 million.

3.1.2. A preliminary share purchase agreement, relating to 100% of the shares in those wholly-owned subsidiaries of the Seller (the "FTP companies") which will hold 100% of the shares in each company holding a property comprising the FTP, has been entered into.

3.1.3. Subject to the satisfaction of certain conditions precedent (the "FTP conditions"), which conditions are expected to be fulfilled in Q1 2018, the Seller and the Purchaser shall be obliged to enter into a final share purchase agreement in respect of each of the FTP companies (the "FTP final agreement") in terms of which the Seller sells to the Purchaser, all of the shares in all FTP companies with effect from the execution of the FTP final agreement which is expected to be in Q1 2018 (the "FTP effective date") for the aggregate purchase consideration of Euro 135 million (the "FTP purchase consideration") to be settled in cash, Euro 97.5 million of which will be funded by the issue of EPP shares for cash to GPF

EPP BV (an entity managed by Pimco and Oaktree) and Euro 37.5 million of which will be funded from the cash resources of EPP.

3.1.4. The FTP purchase consideration is payable by EPP to the Seller on the FTP effective date.

3.1.5. The FTP conditions include –

- the completion of the sale of a larger property portfolio (including the Specified Portfolio) to the FTP companies having taken place;
- an anti-monopoly clearance in respect of the transfer of the shares in the FTP companies to the Purchaser having been obtained;
- senior lenders to the FTP companies consenting to the sale of the shares in the FTP companies to the Purchaser.

3.1.6. Net operating income for FTP on an annualised basis going forward from today amounts to Euro 25.1 million (and for the forecasted 11 month period ending 31 December 2018, Euro 23 million).

3.17. The Seller has provided normal warranties and indemnities for a transaction of this nature. These are to be underwritten with title insurance and warranty and indemnity insurance.

3.2. Second Tranche Acquisition

3.2.1. The "Second Tranche Portfolio" ("STP") comprises a further 6 properties with a GLA of 184 000 m^2 with an aggregate value of EUR 222.5million.

3.2.2. A preliminary share purchase agreement, relating to 100% of the shares in those wholly-owned subsidiaries of the Seller (the "STP companies") which will hold a property comprising the STP, has been entered into (the "STP PSPAs").

3.2.3. Subject to the fulfilment of certain conditions precedent (the "STP conditions") by 20 June 2019, the Seller and the Purchaser shall be obliged to enter into final share purchase agreements in respect of each of the STP companies (the "STP final agreement") in terms of which the Seller sells to the Purchaser, all of the shares in all STP companies with effect from the execution of the STP final agreements and receipt of the STP purchase consideration (defined below) which is expected to be by 27 June 2019 (the "STP effective date").

3.2.4. The aggregate purchase consideration payable by the Purchaser to the Seller for the shares in the STP companies is Euro 75.2 million (the "STP purchase consideration") to be settled in cash.

3.2.5. The STP purchase consideration is payable by the Purchaser to the Seller once the STP final agreement is executed by the parties thereto (which is expected to take place on 27 June 2019).

3.2.6. The STP conditions are –

- the completion of the sale of a larger property portfolio (including the Specified Portfolio) to the STP companies having taken place;
- an anti-monopoly clearance in respect of the transfer of the shares in the STP companies to the Purchaser having been obtained;
- senior lenders to the STP companies consenting to the sale of the shares in the STP companies to the Purchaser.

3.2.7. The Seller may exclude the STP company which holds one of the properties with a value of Euro 31.8 million from the sale by means of a written notice to the Purchaser by not later than 31 June 2018.

3.2.8. Net operating income for STP on an annualised basis going forward from today amounts to Euro 16.3 million.

3.2.9. The Seller will provide normal warranties and indemnities for a transaction of this nature. These are to be underwritten with title insurance and warranty and indemnity insurance.

3.3. Third Tranche Acquisition

3.3.1. The "Third Tranche Portfolio" ("TTP") comprises 2 properties with a GLA of 68 100 m^2 with an aggregate value of EUR 110.9 million.

3.3.2. A preliminary share purchase agreement, relating to 100% of the shares in those wholly-owned subsidiaries of the Seller (the "TTP companies") which will hold a property comprising the TTP, has been entered into (the "TTP PSPA").

3.3.3. Subject to the fulfilment of certain conditions precedent (the "TTP conditions") by 20 June 2020, the Seller and the Purchaser shall be obliged to enter into final share purchase agreements in respect of each of the TTP companies (the "TTP final agreement") in terms of which the Seller sells to the Purchaser, all of the shares in all TTP companies with effect from the execution of the TTP final agreements and receipt of the TTP purchase consideration (defined below) which is expected to be by 29 June 2020 (the "TTP effective date") .

3.3.4. The aggregate purchase price payable by the Purchaser to the Seller in respect of the TTP companies is Euro 44.1 million (the "TTP purchase consideration") to be settled in cash.

3.3.5. The TTP purchase consideration is payable by the Purchaser to the Seller once the TTP final agreement is executed by the parties thereto (which is expected to take place on 29 June 2020).

3.3.6. The TTP conditions are –

- the completion of the sale of a larger property portfolio (including the Specified Portfolio) to the TTP companies having taken place;
- an anti-monopoly clearance in respect of the transfer of the shares in the TTP companies to the Purchaser having been obtained;
- senior lenders to the TTP companies consenting to the sale of the shares in the TTP companies to the Purchaser.

3.3.7. Net operating income for TTP on an annualised basis going forward from today amounts to Euro 7.6 million.

3.3.8. The Seller has provided normal warranties and indemnities for a transaction of this nature. These are to be underwritten with title insurance and warranty and indemnity insurance.

4. FORECAST FINANCIAL INFORMATION

Set out below is the forecast for the First Tranche Acquisition ("the FTA forecast") for 3-month period ending 31 December 2017 and for the year ending 31 December 2018 ("the FTA forecast period"). The forecast only relates to the First Tranche Acquisition as the Second and Third Tranche Acquisitions will (even if they become unconditional) only be implemented more than 12 months after conclusion of the relevant transaction agreement.

The FTA forecast, including the assumptions on which it is based and the financial information from which it has been prepared, is the responsibility of the directors of the company. The FTA forecast has not been reviewed or reported on by independent reporting accountants.

The FTA forecast presented in the table below has been prepared in accordance with the company's accounting policies, which are in compliance with International Financial Reporting Standards.

EURO	**Forecast for 3 months ending 31 December 2017**	**Forecast for the year ending 31 December 2018**
Revenue	**0**	**23.0 million**
Net property income	0	23.0 million
Net profit after tax	0	16.0 million
Profit available for distribution	**0**	**16.0 million**

The FTA forecast incorporates the following material assumptions in respect of revenue and expenses that can be influenced by the Board:

1. The FTA forecast is based on information derived following due diligence work.
2. Rental income is based on each property's rental agreement/s.
3. Revenue comprises rental income only, which is all contracted for the entire FTA forecast period.
4. The operational cost structure of EPP is not anticipated to significantly change as a result of the FTA.
5. The FTA will be funded on a 62:38 debt to equity ratio.
6. No properties are under development during the FTA forecast period.
7. No straight-lining or fair value adjustments are applied to the First Tranche Acquisition over the FTA forecast period.
8. All existing leases are valid, according to the results of due diligence.

The FTA forecast incorporates the following material assumptions in respect of revenue and expenses that cannot be influenced by the Board:

1. The effective date of the First Tranche Acquisition is assumed to be 31 January 2018.
2. There will be no unforeseen economic factors that will affect the lessee's ability to meet their commitments in terms of existing lease agreements.

5. CATEGORISATION OF THE TRANSACTION

Notwithstanding that each of the First Tranche Acquisition, the Second Tranche Acquisition and the Third Tranche Acquisition are divisible, because each of those acquisitions will be entered into with the same counterparty, the company has aggregated all of them for the purpose of categorising the transaction. In accordance with the JSE Listings Requirements, the aggregated 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 which related to the Transaction referred to in this announcement and are advised to continue to exercise caution pending publication of additional detail of the Transaction.

7. INSIDE INFORMATION

This cautionary announcement contains inside information within the meaning of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC ("**MAR**").

EPP hereby publishes said inside information pursuant to Art. 17 sections 1 and 4 of MAR, the publication of which was delayed by EPP on 5 July 2017 pursuant to Art. 17 section 4 of MAR.

11 October 2017

JSE Sponsor and Corporate Advisor

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