

SAFARI INVESTMENTS RSA LIMITED

(Incorporated in the Republic of South Africa)

Registration number: 2000/015002/06

Approved as a REIT by the JSE Limited

Share code: SAR

ISIN number: ZAE000188280

("Safari" or "the Company")

ACQUISITION OF THORNHILL SHOPPING CENTRE

1. INTRODUCTION

Shareholders are hereby advised that on 7 September 2018 ("**Signature Date**"), Safari entered into a purchase and sale of letting enterprise agreement ("**Agreement**") with Thornhill Shopping Centre Proprietary Limited ("**Seller**"), in terms of which Safari will acquire the letting enterprise situated at the Thornhill Shopping Centre for a purchase consideration (as defined below) ("**Acquisition**").

The Acquisition comprises of the property erf 5665 Bendor Ext 87 measuring 2,0498 hectares and portion 1 of Erf 5665 Bendor Ext 87 measuring 8 272 square meters ("**Property**"), the rights and obligations of the Seller as lessor and in terms of the maintenance and management contracts, and goodwill.

The Thornhill Centre is a well-established convenient neighbourhood retail centre situated in the northern suburbs of Polokwane anchored by Spar, Food Lover's Market and Virgin Active. It boasts with 90% national tenants and/or national franchise firms with sustainable growing trading densities.

2. RATIONALE FOR THE ACQUISITION

This Acquisition is in line with Safari's growth strategy of expanding its property portfolio through acquisitions of quality retail centres which will fit into their existing specialised, high quality asset portfolio. Safari's management has identified this asset as one that presents a strong value proposition with sustainable and secure income growth which is complementary to the existing Safari portfolio. The Thornhill Shopping Centre is very similar to Safari's Victorian Shopping Centre in Heidelberg and evidently this convenience class centres are performing exceptionally well.

3. PURCHASE CONSIDERATION AND AGENT'S COMMISSION

In terms of the Agreement, the purchase consideration payable by Safari to the Seller for the Acquisition is an amount equal to the sum of R174 million, which includes an amount of R7 502 870 relating to the capped turnover rental, paid on transfer date. A final price adjustment for capped turnover rent will be calculated 12 months after the Effective Date (as defined below) ("**Purchase Consideration**").

The Purchase Consideration will be settled as follows:

- payment of the sum of R174 000 000 in cash.

- A final price adjustment will be made 90 days after the one-year anniversary of the Effective Date for the value ascribed to the turnover rental received on 3 specific tenants. The estimated capped value ascribed to the turnover rental is estimated to be R7 502 870 (“**Price Adjustment**”), subject to a R20 million cap to the Price Adjustment due by Safari where the actual capped turnover rental is higher than the estimated R7 502 870 and a Price Adjustment refund due by the Seller, where the actual capped turnover rental is lower than the estimated R7 502 870. The shareholders of the Seller will deliver Seller Shareholders’ guarantees as security for the possible refund due.

The Seller shall pay agent’s commission on transfer date to the value of 1.5% of the purchase price excluding VAT.

CONDITIONS PRECEDENT

The Acquisition is subject to the fulfilment of the following outstanding conditions precedent:

- the board of directors of Safari adopting a written resolution in terms whereof, inter alia, the board authorises the conclusion of the Agreement and provides the Seller with a copy of the resolution within five business days of the Signature Date;
- the board of directors of the Seller adopting a written resolution in terms whereof, inter alia, the board authorises the conclusion of the Agreement and provides Safari with a copy of the resolution within five business days of the Signature Date;
- the Seller providing Safari with approval of the shareholders of the Seller in terms of the sections 112 and 115 of the Companies Act, No. 71 of 2008, for the disposal of the greater part of the assets and undertaking of the Seller as envisaged in the Agreement within five business days from fulfilment or wavier (as the case may be) of the condition precedent contemplated above;
- any approval which might be required in terms of the Competition Act 89 of 1998 (“**Competition Act**”), for the entering into and implementation of the transactions contemplated in the Agreement, is duly obtained by Safari in accordance with the requirements of the Competition Act, by not later than one hundred and twenty days after the Signature Date;
- The shareholders of the Seller delivering the seller shareholders’ guarantee by no later than 5 business days of the Signature Date.

EFFECTIVE DATE

The effective date shall be the first of the month following the month in which the approval in terms of the Competition Act is obtained (“Effective Date”).

OTHER TERMS

The Agreement contains warranties and indemnities by the Seller in favour of Safari which are standard for a transaction of this nature.

THE PROPERTY

Details of the Property are as follows:

Property Name and Address	Geographical Location	Sector	Gross lettable Area (sqm)	Weighted Average Gross Rental/sqm
Thornhill Shopping Centre, Corner Veldspaat & Munnik Avenue, Polokwane	Polokwane	Retail	12 467	R136

PROPERTY SPECIFIC INFORMATION

The Purchase Consideration and value of the Property is considered to be its fair market value, as determined by the directors of Safari, calculated using an agreed capitalization rate on net income. The directors of Safari are not independent and are not registered as professional valuers or as professional associate valuers in terms of the Property Valuers Profession Act, No. 47 of 2000. An independent valuation on the Property will be done in line with Company's policy at the end of the next financial year.

FINANCIAL INFORMATION

The value of the net assets attributable to the Acquisition is R174 million.

The purchase price was based on estimated net profits attributable to the Acquisition of R17 499 252 for the 12-month period ending 30 September 2019, based on information supplied by the Seller and verified by the Purchaser.

The aforementioned financial information has been based on the Sellers management accounts which have been approved by the directors of the Seller. Safari is satisfied with the quality of the management accounts even though they were unaudited.

CATEGORISATION

The Acquisition constitutes a Category 2 transaction in terms of the JSE Listings Requirements

Pretoria
10 September 2018

Sponsor
PSG Capital



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