

SAFARI INVESTMENTS RSA LIMITED

Approved as a REIT by the JSE Limited
(Incorporated in the Republic of South Africa)
(Registration number 2000/015002/06)
Share code: SAR ISIN: ZAE000188280
("Safari" or "the Company")

RELATED PARTY ACQUISITION

1. INTRODUCTION

Shareholders are advised that on 1 March 2019, the Company, entered into an agreement ("**Agreement**") with Cosmos Management CC ("**Seller**"), in terms of which the Company will purchase the rights and obligations under the Portfolio Management Agreement ("**Management Agreement**") from the Seller for a purchase consideration of R 10 300 000 (ten million three hundred thousand rand) ("**Purchase Consideration**") for the remainder of the Management Agreement term ("**Acquisition**").

2. RATIONALE FOR THE ACQUISITION

Safari's board has decided to internalise its property management and leasing function. This internalisation will eliminate the related party component with regards to the property management and leasing services previously delivered through the Seller and Safari Retail (Pty) Ltd respectively and will furthermore result in a significant cost saving over the long term for the Company.

3. PURCHASE CONSIDERATION

The Purchase Consideration which will be settled in cash was derived by calculating the net present value of the forecasted net profit from the remainder of the Management Agreement. There is no compensation applicable to the leasing services as this was done on a month-to-month basis and the Company will forthwith attend to leasing of its property portfolio inhouse.

4. CONDITIONS PRECEDENT

The Acquisition is not subject to the fulfilment of any conditions precedent.

5. EFFECTIVE DATE OF THE ACQUISITION

Delivery and payment in respect of the Management Agreement took place on 1 March 2019.

The effective date of the Acquisition was 1 March 2019.

6. FINANCIAL INFORMATION

The Acquisition will not result in Safari acquiring any assets.

Safari paid the Seller a management fee of R6 854 889.68 for the year ended 31 March 2018. As a result of the Acquisition Safari will no longer pay the Seller an annual management fee, however Safari will incur additional salary and other costs (rental etc.).

Cosmos' salary cost for its 2018 financial year was R4 009 234.41. Shareholders are advised that due to the acquisition of Thornhill Shopping Centre and the finalisation of the Nkomo Village Shopping Centre development during the 2019 financial year, the anticipated saving would significantly increase as a result of the additional management fees that would have been payable on these two centres for the 2021 financial year.

7. CLASSIFICATION OF THE ACQUISITION

In terms of the JSE Limited Listings Requirements, the Seller is a "related party" of the Company by virtue of the fact that the Seller is controlled by a Director of Safari.

Accordingly, the Acquisition will constitute a small related party transaction, which requires the appointment of an independent expert to compile a fairness opinion on the Acquisition in terms of paragraph 10.7(b) of the JSE Limited Listings Requirements to confirm that the Acquisition is fair as to shareholders of the Company.

The directors of the Company have appointed PSG Capital ("**Independent Expert**") as the independent expert to compile a fairness opinion on the Acquisition in terms of paragraph 10.7 of the JSE Limited Listings Requirements. The Independent Expert has considered the terms and conditions of the Acquisition and is of the opinion that the terms and conditions of the Acquisition are fair to the shareholders of the Company.

Pretoria
4 March 2019

Sponsor
PSG Capital



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