

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

RECEIPT OF AN UNSOLICITED FIRM INTENTION PROPOSAL BY COMMUNITY PROPERTY COMPANY PROPRIETARY LIMITED TO MAKE AN OFFER TO ACQUIRE THE ENTIRE ISSUED SHARE CAPITAL OF SAFARI, AND CAUTIONARY ANNOUNCEMENT

1. Introduction

Shareholders are advised that on 19 July 2019, the board of directors of Safari ("**Safari Board**") received an unsolicited, binding written proposal ("**Proposal**") from Community Property Company Proprietary Limited ("**Comprop**"), in terms of which Comprop has notified the Safari Board of its firm intention to make a cash offer as contemplated in Chapter 5 of the Companies Act, No.71 of 2008, as amended ("**Companies Act**"), and Chapter 5 of the Companies Regulations, 2011 ("**Companies Regulations**"), to acquire the entire issued ordinary share capital of Safari by way of a scheme of arrangement ("**Proposed Transaction**").

Pursuant to the receipt of the Proposal, the Safari Board has constituted an independent board of directors comprising of Allan Wentzel, Mark Minnaar and Chris Roberts ("**Independent Safari Board**") to assess the Proposal.

The purpose of this announcement is to advise Safari shareholders of the receipt of the Proposal, and of the salient terms and conditions thereof, and to advise Safari shareholders to exercise caution when dealing in their Safari shares until such time as a further announcement is made.

2. Information about Comprop

Comprop advises that:

- it is an unlisted property fund which forms part of Futuregrowth Asset Management's suite of developmental investments. Capital Land Asset Management Proprietary Limited is the appointed property asset manager for Comprop;
- it has purchased and developed 34 shopping centres over the past 20 years, which cater to the needs of underserved communities in rural areas and townships throughout South Africa. The Comprop portfolio currently comprises of 20 shopping centres, located in eight of the nine provinces, valued at R4.5 billion with a consolidated gross lettable area of approximately 320 000m².

3. Proposed Transaction mechanism

- 3.1. The Proposal contemplates that the Proposed Transaction will be implemented by way of a scheme of arrangement in terms of Section 114 of the Companies Act ("**Scheme**"), which is to be proposed by the Safari Board, between Safari and its shareholders.
- 3.2. Should the Scheme be proposed by the Safari Board and implemented, Comprop will acquire the entire issued ordinary share capital of Safari, and Safari will become a wholly-owned subsidiary of Comprop, after which Safari will be delisted from the JSE Limited ("**JSE**").

4. Proposed offer price

- 4.1. Subject to the fulfilment or waiver (as the case may be) of the conditions precedent referred to in paragraph 7 below ("**Conditions Precedent**"), the Proposed Transaction will, if implemented, result in the payment by Comprop of a cash price of R5.90 per Safari share ("**Proposed Offer Price**").
- 4.2. The Proposed Offer Price is based on 310 826 016 Safari shares in issue and therefore values the entire issued ordinary share capital of Safari at R1 833 873 494 ("**Offer Consideration**"). Any changes in the number of Safari shares will result in a proportionate adjustment of the Offer Price.
- 4.3. The Safari shares will be acquired "ex" any entitlement to any distribution for the period commencing immediately after the last day of the most recent year-end or interim reporting period of Safari and ending on the record date for the implementation of the Scheme.
- 4.4. To achieve this, the Offer Consideration assumes that Safari will declare and pay a cash distribution calculated substantially on the same basis used to calculate the distribution made by Safari to its shareholders on 15 July 2019, which dividend will be paid to Safari shareholders holdings shares as at a record date prior to the operative date of the scheme.

5. Safari shareholder support

- 5.1. Comprop has obtained undertakings ("**Irrevocable Undertakings**") from, or on behalf of, the following Safari shareholders, in terms of which undertakings they have *inter alia*, irrevocably undertaken, with respect to the following Safari shares beneficially owned by such shareholders, or held by them on a discretionary basis for clients, and on the terms and subject to the conditions of such undertakings, to vote against all resolutions required to effect the merger of Safari and Fairvest Property Holdings Limited ("**Fairvest Transaction**") announced by Safari on 1 July 2019 and to vote in favour of the Scheme:

Safari shareholder	Safari shares subject to undertaking at the signature date of the irrevocable undertaking	Percentage of Safari shares held at signature date of irrevocable undertaking (%)
Bridge Fund Managers Proprietary Limited	58 567 208	18.8
Southern Palace Capital Proprietary Limited	53 000 000	17.1 [#]
Stanlib Asset Management Proprietary Limited	28 021 062	9.0
SA Corporate Real Estate Limited	20 000 000	6.4
Interurban Properties Proprietary Limited	13 646 806	4.4
Total	173 235 076	55.7

[#] See paragraph 5.2 below in respect of specific limitations applying to these shares.

- 5.2. Pursuant to a voting agreement between Southern Palace Capital Proprietary Limited ("**Southern Palace**"), Safari and Sanlam Life Insurance Limited concluded on or about 21 June 2019 the voting rights attaching to all of the Safari shares owned by it are presently exercisable on its behalf by the Chief Executive Officer of Safari or other person designated for such purpose by the Safari Board from time to time ("**Authorised Representative**"), and the voting undertakings given by Southern Palace in the Irrevocable Undertaking are accordingly subject to and limited by this voting agreement. In this regard, Southern Palace has undertaken to use its best endeavours to procure that the Authorised Representative vote in accordance with the undertakings given by it in the Irrevocable Undertaking.

5.3. The Irrevocable Undertakings will lapse on the earlier of (i) 31 December 2019, or (ii) Comprop announcing in writing that it is withdrawing, or is unable to proceed with, the Proposed Transaction for any regulatory reason, as permissible under applicable regulatory requirements (including as a result of a condition not having been timeously fulfilled or waived), or (iii) within 10 business days of Safari receiving a *bona fide* proposal or offer which is binding and enforceable and which (a) the Safari Board reasonably believes is qualitatively superior to the Proposed Transaction taking into account the nature and extent of the conditions to which it is subject and their ease/prospects of fulfilment, and (b) is for a consideration 10% or higher than the Offer Consideration, such proposal or offer being a "**Superior Proposal**", and (c) which the Safari independent board intends approving, or recommending or entering an agreement in respect of, and Comprop has not proposed to amend its offer to provide for financial and/or other terms equivalent to, or more favourable than, those contained in the Superior Proposal. Copies of the Irrevocable Undertakings are available for inspection on Safari's website at www.safari-investments.com.

6. Funding

Comprop will fund the Offer Consideration from its own available cash resources. Rand Merchant Bank, a division of FirstRand Bank Limited, has provided the Takeover Regulation Panel ("**TRP**") with the necessary cash confirmation guarantee required in terms of Regulation 111(4) of the Companies Regulations.

7. Conditions Precedent

Implementation of the Proposed Transaction will be subject to the fulfilment or waiver (in whole or in part) of the following conditions precedent by no later than 31 December 2019:

- 7.1. the Fairvest Transaction being terminated or otherwise failing to become operative;
- 7.2. a favourable fairness opinion being provided to the Independent Safari Board by an independent professional expert appointed by the Independent Safari Board and approved by the TRP;
- 7.3. receipt (to the extent required) of approvals, consents or waivers from all regulatory bodies, governmental or *quasi*-governmental entities necessary to implement the Proposed Transaction (in each case either unconditionally or subject to conditions reasonably acceptable to the persons on whom such conditions are imposed) including, but not limited to:
 - 7.3.1. the JSE and the TRP;
 - 7.3.2. the South African Reserve Bank; and
 - 7.3.3. the Competition Authorities;
- 7.4. the approval of the Scheme by the requisite majority of Safari shareholders, and to the extent required, the approval of the implementation of such resolution by the Court; and
- 7.5. within 30 business days following the Safari shareholders' meeting convened to approve the Scheme ("**Scheme Meeting**"), Safari shareholders have not exercised appraisal rights, in terms of section 164 of the Companies Act, by giving valid demands in terms of section 164(7) of the Companies Act, in respect of more than 5% of the Safari shares, provided that, in the event that Safari shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the Scheme Meeting in respect of no more than 5% of all the Safari shares, this condition will be deemed to have been fulfilled at the time of the Scheme Meeting.

8. Beneficial interests in Safari and concert party arrangements

Comprop does not hold or control, whether directly or indirectly, any beneficial interest in Safari and does not have any arrangements, including any option to purchase, to acquire any beneficial interest in Safari, other than pursuant to the Proposed Transaction. Comprop is not acting in concert with any other person.

9. Effect on the Fairvest Transaction

Safari shareholders are cautioned that, while the receipt of the Proposal does not, in and of itself, have an immediate, adverse impact on the Fairvest Transaction, the implementation of the Proposal is conditional on the Fairvest Transaction failing and the Safari shareholders identified in paragraph 5 above have, subject to the terms specified in their respective Irrevocable Undertakings, given undertakings in favour of Comprop to vote against the Fairvest Transaction.

10. Cautionary announcement

As a result of the receipt of the Proposal and the Safari Board's and, as applicable, the Safari Independent Board's responsibility to consider such Proposal, and the potential direct or indirect impact which the Proposal may have on the Fairvest Transaction, Safari shareholders are advised that this may have a material effect on the price of Safari's securities. Accordingly, Safari shareholders are advised to exercise caution when dealing in Safari's securities until a further announcement is made.

11. Responsibility statement

The Safari Board accepts responsibility for the information contained in this announcement insofar as it relates to Safari. To the best of its knowledge and belief, the information contained in this announcement is true and the announcement does not omit anything likely to affect the importance of the information.

22 July 2019
Centurion

Corporate advisor and transaction sponsor to Safari
Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Legal advisor to Safari
Webber Wentzel