

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" or the "Company")

SAFARI BOARD WILL NOT PROPOSE A SCHEME TO ITS SHAREHOLDERS BASED ON TERMS CONTAINED IN THE PROPOSAL RECEIVED FROM COMMUNITY PROPERTY COMPANY PROPRIETARY LIMITED ("COMPROP") AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Background

Safari shareholders ("**Safari Shareholders**") are referred to the announcements released on SENS by Safari on 22 July 2019, 26 August 2019, 12 September 2019 and 27 September 2019, relating *inter alia*, to the receipt by the board of directors of Safari ("**Safari Board**") of an unsolicited, binding written proposal ("**Comprop Proposal**") from Comprop stating its firm intention to make an offer to acquire the entire issued ordinary share capital of Safari ("**Safari Shares**") at a cash offer of R5.90 ("**Offer Consideration**") per Safari Share by way of a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008, as amended ("**Scheme**").

The most recent announcement released by the Company on SENS on 27 September 2019, noted that the Safari independent board ("**Independent Board**") had received the preliminary findings ("**Preliminary Findings**") of BDO Corporate Finance Proprietary Limited ("**Independent Expert**"), which determined that the Offer Consideration is considered to be fair and reasonable, albeit that the most likely fair value was determined by the Independent Expert to be R6.23 per Safari Share (on a comparable, ex dividend basis).

Following publication of the abovementioned announcement, there have been various correspondences and discussions between or on behalf of the Independent Board and Comprop, with a view to positively engaging to either (i) agree commercial and legal aspects to place the Safari Board in a position to be able to propose the Scheme to the Safari Shareholders, or (ii) bring the process to finality. This announcement seeks to advise shareholders of the key outcome of these engagements.

2. Irrevocable Undertakings

To re-iterate, following the publication by the Company of the Preliminary Findings of the Independent Expert, the Independent Board continued to attempt to engage with Comprop to find an appropriate way forward on key commercial and legal aspects of the Comprop Proposal, including issues relating to the voting of the Safari Shares held by Southern Palace Capital Proprietary Limited, timing and conditionality of the Scheme, and the recovery of Safari's out-of-pocket costs of the Scheme should it be proposed and fail ("**Cost Recovery**"). These discussions were informed by the Preliminary Findings of the Independent Expert and the divergent Safari Shareholder views on the Comprop Proposal communicated to the Independent Board to date.

As regards the aforementioned divergent views of Safari Shareholders, having regard among others to the continued refusal of Comprop to agree to the Cost Recovery and the position previously expressed by Comprop in relation to such divergent shareholder views, the Independent Board, through its advisors, approached those Safari Shareholders who had previously provided written statements to Safari in mid-August 2019 that they would vote against the Comprop Proposal (referred to previously as the "**Confirmatory Letters**") should the Comprop Proposal be put to a vote of Safari Shareholders, with a view to obtaining clarity with regard to establishing whether or not such opposing positions had changed following publication of the Preliminary Findings and, if not, to obtain written clarity on their positions in a form which addressed Comprop's concerns.

In consequence, Safari received legally enforceable irrevocable undertakings (“**Irrevocable Undertakings**”) from in excess of 100 Safari Shareholders in terms of which they have irrevocably undertaken to vote the Safari Shares they hold against the Comprop Proposal at an ex dividend price of R5.90 per Safari Share, should the Comprop Proposal be put to a vote of Safari Shareholders. The Irrevocable Undertakings, which have been submitted to the Takeover Regulation Panel prior to the release of this announcement, represent c. 28% of Safari’s issued share capital and are valid until 31 December 2019. Redacted copies of these documents will be made available on Safari’s website (www.safari-investments.com/investor-relations).

Therefore, there is no reasonable possibility that the shareholder resolution necessary to approve the Scheme as it currently stands (“**Scheme Resolution**”), which requires the approval of at least 75% of those Safari Shareholders present and voting, will be passed by the requisite majority, should such resolution be proposed.

3. Safari Board will not propose the Scheme as it currently stands

Comprop was advised of the Irrevocable Undertakings on 4 October 2019. Notwithstanding this, no further progress in relation to the Comprop Proposal was able to be made between the parties.

Taking all of the circumstances into account, and having particular regard to the facts that:

- a) the Offer Consideration is at the lower-end of BDO’s fair value range of between R5.80 and R6.67 per Safari Share;
- b) the Independent Board has been unable to reach agreement with Comprop around certain legal and commercial aspects of the Comprop Proposal, including, but not limited to the Cost Recovery;
- c) the likelihood of the Scheme Resolution failing in light of, among others, the Irrevocable Undertakings; and
- d) the significant costs to Safari of proceeding to propose the Scheme,

the Independent Board is not in a position to recommend to the Safari Board to propose the Scheme.

The Independent Board accordingly notified Comprop, in writing, thereof on 10 October 2019 and requested Comprop, by 14h00 on 11 October 2019, to provide its final position on whether it (i) agrees to the Cost Recovery should the Scheme fail, in which event the Safari Board would be willing to propose the Scheme to Safari Shareholders at the ex dividend price of R5.90 per Safari Share, on terms agreed, or (ii) withdraws its offer.

Comprop responded on 14 October 2019. No change in the commercial or legal terms of the Comprop Proposal has been offered by Comprop. Comprop has informed Safari, *inter alia*, that it (i) will not agree to the Cost Recovery, (ii) will be reviewing the Irrevocable Undertakings and requesting engagement with the persons who provided such undertakings, as well as other stakeholders, and (iii) therefore is not, at this stage, withdrawing its offer.

Despite various opportunities and requests to do so over an extended period, Comprop has steadfastly declined to revise its position. There is no basis to consider that this stance will subsequently change, and it is therefore considered to be in Safari shareholders’ best interests for Safari to now bring the process to finality. In order to do so, noting that the Independent Board remains unable to recommend the Comprop Proposal in its present form to the Safari Board, and that the Comprop Proposal remains unchanged, the Safari Board has resolved not to propose the Scheme to Safari Shareholders. As such, Safari Shareholders are advised that the Comprop Proposal is no longer capable of proceeding.

4. Withdrawal of cautionary announcement

As the Safari Board has resolved not to propose the Scheme to Safari Shareholders, the cautionary announcement in respect of the Comprop Proposal is accordingly withdrawn and Safari Shareholders are advised that they are no longer required to exercise caution when dealing in the Company’s securities.

5. Responsibility statement

The Safari Board and Independent 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.

Pretoria

15 October 2019

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

Legal advisor to Safari
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