

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)
("Safari" or "the Company")



POSITION ON CONSOLIDATION AND TAKEOVER TRANSACTIONS AND ENGAGEMENT WITH HERIOT REIT LIMITED

1. Background

Safari shareholders may have seen recent press articles in Business Live on 24 March 2020 and 1 April 2020 under the headlines of "Safari is being courted again, and shouldn't be coy" and "Heriot Reit becomes the latest bidder for troubled Safari Investments", and related articles in the Business Day, referencing a potential transaction between Safari and Heriot REIT Limited ("**Heriot**").

Community Property Company Proprietary Limited ("**Comprop**") last year made an unsolicited approach to acquire 100% of the shares in Safari by way of a Scheme of Arrangement ("**Comprop Offer**") which required a 75% majority of the Safari shareholders voting. Despite active engagement by Safari with Comprop, the Comprop Offer terminated in October 2019. While the Comprop Offer was firmly supported through irrevocable undertakings given by institutional shareholders of Safari and others holding shares in aggregate exceeding 40%, the Comprop Offer was also firmly opposed through written irrevocable undertakings given by Safari shareholders holding shares in excess of 25%. The Safari Board ("**the Board**"), as then constituted, considered (correctly in the view of the current Board, with hindsight) that the Comprop Offer had negligible prospects of being approved by the required special resolution. Safari therefore considered it inappropriate for the Company to expend millions of Rands in costs in order to further such an unsolicited offer at Safari's expense and risk, when it was clearly likely to fail. Safari did offer to proceed with taking the Comprop offer to a shareholders vote provided the costs were covered by Comprop. Comprop declined and suggested that the Safari shareholders who supported the Comprop offer should do so. Those shareholders also declined. As a result, and taking all the circumstances into account, Safari terminated discussions with Comprop. Safari shareholders are referred to previous SENS announcements by Safari for further information on the Comprop Offer and its termination.

Following the announcement of the unsolicited Comprop Offer and throughout the process, a negative narrative of Safari's position on the Comprop Offer was driven in selected media circles and twitter commentary reflecting the commercial positions and viewpoints of certain shareholders. This was then pursued at the Company's AGM and through multiple e-mails to the Company's board and management, to force the Company to take the Comprop Offer to a vote at an SGM irrespective of the obvious "veto" in excess of 25%, at the cost and risk of Safari.

Even this curtailed Comprop Offer cost Safari in excess of R10m in direct cash disbursements. Pursuing it to a formal vote would have resulted in further wasted expenditure running into millions of Rands.

2. Approach by Heriot

With regards to the media articles referred to above, shareholders are advised that Safari was approached in late January 2020, on an unsolicited basis, by Heriot in connection with its interest in a potential acquisition by Heriot of 100% of Safari. Safari engaged with Heriot in respect of its interest in Safari through a committee of independent, non-executive directors, comprising T Slabber (Chair), E Swanepoel and C Roberts, set up as if an Independent Board under the Companies Act. This engagement is ongoing but still at a germinative stage. There can be no certainty that these discussions will or are likely to develop into any firm offer, or as to the nature or terms of any such proposal. Any potential transaction has been and will continue to be evaluated and approached in accordance with the strategic principles outlined below. It will, among others, require that Safari's out of pocket costs be covered whether as part of a break fee arrangement or as part of a separate cost recoveries arrangement. Should matters progress, and as appropriate in the circumstances, the Board will appraise shareholders of relevant developments (if any) in due course.

3. Confirmation of Safari's position on consolidation and takeover transactions

This announcement by the Company is intended to give guidance to Safari shareholders on the Company's present, general position in respect of potential consolidation and takeover transactions, to address recent media reports relating to Heriot's interest in Safari and to advise shareholders in respect thereof. Safari has a highly attractive portfolio of assets, and recognises the potential advantages of continuing to build scale around this portfolio. As part of its general strategy, and on an ongoing basis, Safari looks for and considers synergistic combinations and asset acquisitions which align with its portfolio and overall strategy. Safari will continue to look for, consider and evaluate such opportunities as they may arise. While this remains the Company's overall strategy in relation to such synergistic combinations and accretive acquisitions, in the light of the outbreak of the Covid-19 pandemic, its widespread impact and the uncertainties and immediate challenges arising from this unprecedented development, the Company's immediate and primary focus is on the operational running of the business and dealing with the crisis.

The Company notes that takeover offers tend to disrupt the management and business of the target company and in the current Covid 19 crisis and the economic downturn, this is of particular concern. In general, it will not be prudent to expend the Company's financial reserves and management time (including the additional time of and costs of the independent directors) on unsolicited offers, if they have no obvious likelihood of success. In addition to the costs to be incurred on external corporate advisers and valuations, substantial costs are incurred in having multiple board meetings outside and in addition to the normal scheduled quarterly meetings as well as Independent Board meetings. Once the formal offer is made the governance steps required e.g. employment of corporate advisors and the obtaining a fair and reasonable opinion at substantial expense. The subsequent circulars and

convening of a Special General Meeting involve many millions of Rands in expenditure by Safari. Cost estimates note that taking an offer to a vote will exceed R10m and may be as much as R18m.

Strategically, takeovers or change of control transactions in respect of Safari will be considered and will be taken to a shareholders vote if there is likelihood of approval by the requisite majority, but on appropriate conditions. This may include full cover on costs and the need for such transactions to be commercially advantageous to all Safari Shareholders. Such transactions must be firmly committed to, and viably executable by, the offeror.

Obviously, a key consideration is the need to responsibly address and manage the impact of such offers under Covid-19.

The strategy, principles, opinions and other matters expressed by the Company herein are stated only as at the date of this announcement. The Company reserves the right, without further announcement, to change any strategy, principle, opinion and other matter reflected herein as may be deemed appropriate by the Company from time to time.

4. Response to media articles

Safari believes that a narrative is now again being driven in the media with reference to Safari and also the interest expressed by Heriot in Safari. Some of that narrative is negative and inaccurate and was published without comment being sought from the Company before publication. As before, the Company does not believe that it is in shareholders' interests for Safari to be drawn into responding to this selective narrative, nor would doing so now be in the best interests of furthering engagement with Heriot. As such, at present, Safari wishes to confine its response to a request to shareholders to please approach what is published in the media with due circumspection and caution and to critically evaluate it. Nevertheless, given the media attention and speculation and the apparent confirmation through quotes from the Heriot Chairman, it is confirmed necessary and prudent to inform shareholders as set out herein.

Pretoria
6 April 2020

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