

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" or "the Group")



CHANGES TO THE BOARD OF DIRECTORS

Safari shareholders are referred to the company's announcement on SENS on 21 November 2019 in which shareholders were advised of the appointment of Mr Tinus Slabber and Etienne Swanepoel as independent non-executive directors of the company. As noted in the announcement, both Messrs Swanepoel and Slabber are (*inter alia*) highly experienced corporate lawyers, and independent of Safari and its shareholders.

In line with the wishes of the above-mentioned shareholders, Mr Slabber was also subsequently appointed by the Board as the company's independent Chairman on 17 December 2019 (with effect 1 January 2020), following the resignation of Dr Snyman.

Messrs Slabber and Swanepoel were identified and proposed by, and - following due governance processes - appointed to the Safari board at the express request of, Bridge Fund Managers Proprietary Limited ("**Bridge**"), Stanlib Asset Management Proprietary Limited and certain minority shareholders who were frustrated with the developments relating to the unsolicited offer from Community Property Company Proprietary Limited failing to proceed. At the time, these shareholders wanted the Safari board to have, and be led by, experienced, wholly-independent directors. This request was fully supported by the Safari board, and the proposed directors appointed. Messrs Slabber and Swanepoel have thereafter actively and fully discharged this independent role and function, and, among others, served, together with Mr C Roberts, as the independent committee constituted by the board to deal on its behalf with the unsolicited takeover approach by Heriot REIT Limited ("**Heriot**").

On 15 June 2020, Bridge, Heriot Investments Proprietary Limited (the controlling shareholder of Heriot), SA Corporate Real Estate Limited ("**SA Corporate**"), I Group Proprietary Limited and Messrs Pine Pienaar, Francois Marias and Albie Cilliers addressed a letter to Safari requiring the immediate resignation of all of the directors of Safari, other than the CEO and FD, being the management (executive) directors, and proposed and requested the appointment of Mr Steven Herring (who was proposed to be the company's new non-executive chairman), Mr Greg Heron (proposed to be the lead independent director) and Messrs James Templeton, Pine Pienaar and Oratile Mosetlhi (collectively, the "**Proposed Directors**").

Mr Herring is the founder of Heriot, is its current non-independent non-executive chairman and is a beneficial shareholder in respect of 234 036 220 of Heriot's shares, representing approximately 86.9% of its issued shares (as at 28 June 2019, per the company's 2019 Integrated Annual Report).

The letter states that the signatories thereto "own and/or represent and/or are able to speak for" the following shares and shareholders (as referred to in the letter, the "**Concerned Shareholders**"):

NAME	NUMBER OF SHARES
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SBSA ITF NGI Inv Property Fund	29,891,000
FRB ITF Bridge Managed Growth Fund	13,500,000
FRB ITF Bridge Stable Growth Fund	7,900,000
FRB ITF Bridge High Income Fund	2,000,000
Grinrod Pension Fund	1,069,997
FRB ITF Bridge Balanced Fund	600,000
FRB ITF Bridge Institutional Prop Income	620,000
Heriot Investments Proprietary Limited	31,384,000
Reya Gola Proprietary Limited	737,395
SA Corporate Real Estate Limited	20,000,000
I Group Proprietary Limited	12,446,805
Dream World Investments 77 Proprietary Limited	1,987,285
Nyeleti Investment Trust	1,621,980
PA Pienaar	87,000
Safarihold Proprietary Limited	5,500,000
Safarihold No. 2 Proprietary Limited	3,634,881
Breeds Coalitions Proprietary Limited	1,000,000
Pershing LLC	1,802,552
Abraham Albertus Cilliers	500,000
Janine Cilliers	30,000
Cilliers Family Trust	35,000
Total number of shares	136,247,893

To establish a clear factual basis for communications to Safari shareholders and other relevant persons, and as good practice, the Concerned Shareholders have been requested to provide supporting documents confirming the statements reflected above. *Pro tem*, and for the purposes of this announcement, Safari is proceeding on the good faith basis that these statements will be confirmed, as requested.

The shares so owned, or stated to be represented or spoken for, amount in aggregate to c. 52,84% of the company's shares, if the shares of Southern Palace Capital Proprietary Limited ("**Southern Palace Shares**") are excluded from the voting universe, and 43.8% if such shares are included in the calculation. The company understands, from unsolicited communications received that certain Concerned Shareholders are in fact not or no longer in support of the proposal, and intend to withdraw support for the proposal. If so, this will reduce the level of support. Irrespective of the exact level of shareholder support for the proposal, this SENS reflects the company's in principle position in respect of the approach and the demands reflected therein.

The letter further states that, if the directors do not resign, the Concerned Shareholders will call a meeting of shareholders under s 61(3) of the Companies Act, 71 of 2008 ("**Companies Act**"), pursuant to which "*inter alia* the removal of the directors (as identified above) will be pursued". The appointment of the directors nominated by the Concerned Shareholders is also expected to be pursued at such meeting.

The reason stated for this demand is the "*conclusion (by the Concerned Shareholders) that the board of Safari is not optimally structured and that certain individuals on the Board are not suitable to the role of acting in the interests of stakeholders, especially shareholders*". It is not stated in what respects the present board structure is defective, or which directors are believed to be unsuitable to act in the interests of shareholders. The structure of the board proposed by the Concerned Shareholders comprises predominantly (potentially, entirely) non-independent directors, and has as its proposed chairman the founder, non-independent chairman and ultimate controlling shareholder of Heriot, a competing REIT, which company wishes to obtain a controlling interest in Safari.

Notwithstanding the stated desire for wholly independent directors to be appointed to, and to lead, the Safari board, and, as noted above, this wish being fully given effect to, the shareholders supporting the demand include certain of the shareholders who nominated Messrs Slabber and Swanepoel to the board. In the light of the fact that Messrs Slabber and Swanepoel were not elected to the board by shareholders but were appointed by the board at the specific request of a group of shareholders, each has taken the principled approach that they should therefore not remain in office in conflict with the basis for their appointment, and have accordingly resigned with effect from 21 June 2020. Whilst respecting such decision, the board wishes to express its sincere regret at the resignations, as both directors proved to be truly independent, are highly skilled in corporate matters and brought to the board necessary skills in relation to, amongst others, takeovers and other major corporate transactions.

Messrs Slabber and Swanepoel have both expressed their willingness to again serve on the board, should a majority of shareholders elect them to this position, and the board would welcome such appointments. Both Messrs Slabber and Swanepoel have also advised that they are in full accord with this announcement, and wish to record that they do not consider the proposed takeover of the board in this manner, and in these circumstances, to be in the best interest of the company.

Mr AE Wentzel has assumed the chairmanship of the board on an interim basis, pending appointment of further directors to the board.

In relation to the wider request to re-constitute the board, the board has responded to the Concerned Shareholders and advised that it is fully supportive of the board being appropriately re-constituted and/or supplemented, in an orderly manner and with appropriate shareholder support, such that it comprises directors who collectively represent all of the company's shareholders (not just the Concerned Shareholders), and remains constituted consistent with principles of good governance and in compliance with the requirements of King IV, the JSE Listing Requirements and the company's memorandum of incorporation ("**MOI**"). *Inter alia*, it is required that the board comprises a majority of non-executive directors, of whom the majority are independent, and that all directors are and remain independent of competitors to the company. Any shareholder who is committed to principles of good governance and who genuinely has the interests of the company as a whole at heart will fully support a board constituted in accordance with these principles and the provisions of the MOI.

The changes which the Concerned Shareholders seek to effect to the composition of the board of directors (taken as a whole) fall short of these requirements, and *prima facie* are directed at ensuring that a takeover of Safari by Heriot is effected, irrespective of the cost to the company. The board will not countenance or facilitate this.

The board has in particular, and amongst others, advised the Concerned Shareholders that:

- the proposed appointments of Messrs Herring, Templeton and Mosetlhi would breach paragraph 24.6 of the company's MOI which requires that directors must be independent of competitors of the company, if so determined by the board. The standing, generally applicable policy of the board is not to allow such appointments to the board;

- these proposed appointments, being all non-independent directors, would (when taken with the other proposed appointments) also render the board, and certain of its committees (notably, the audit committee), to be constituted in conflict with the requirements of King IV and the JSE Listings Requirements;
- as such, these appointments are not supported by the board;
- the Concerned Shareholders have accordingly been invited to propose suitable alternative nominees for consideration to enable the board to be validly constituted in line with the aforementioned principles and provisions of the MOI, and the Nominations and Remuneration Committee has offered to work together with the Concerned Shareholders to achieve this;
- any resolution proposed to force the removal or appointment of directors which is in conflict with the aforementioned principles and/or provisions of the MOI will not be supported and, if necessary, will be opposed.

To avoid any perception that the board is generally hostile to changes to its composition, which it is not, the board has offered to effect, on an expedited basis, the appointment of Messrs G Heron and P Pienaar to the board, subject to receiving appropriate information and documents customary for such process, and subject to the customary formal process and confirmatory review and consideration thereof by the Nominations and Remuneration Committee. The proposal by the Concerned Shareholders did not contain any details of the Proposed Directors (other than their names), or any documents or information required by any properly undertaken appointment process (including letters consenting to appointment and Schedule 13 director declarations required under the JSE Listings Requirements). This information and documentation has been requested from the Concerned Shareholders and the Proposed Directors. Shareholders will be advised in due course upon such appointments being effected.

The Concerned Shareholders have also been advised, and kindly requested to take into account, that the company is in the process of finalising its annual report and financial statements, and that any changes to the composition of the audit committee prior to this process being completed will be highly disruptive. As such, the recommendation to the Concerned Shareholders is to look to bring further changes to the board only after this process has concluded. The most logical and efficient time would be the company's upcoming annual general meeting, but select earlier appointments can be considered, if necessary. The board had identified the rotational retirements of the AGM as an opportunity to improve the diversity on the board (in particular, racial and gender diversity), and the Concerned Shareholders are requested to have this goal in mind when making board recommendations.

The board also continues to progress the appropriate way forward in respect of the Southern Palace Shares, as announced on SENS 4 May 2020. As such, the board is actively working on how best to accrue the effective value of the Southern Palace Shares to all Safari shareholders, and in particular, among others, the board (assisted by appropriate professional advice) is evaluating the proportionate distribution of such shares to shareholders through a dividend *in specie* or other means. Material changes to the board may adversely impact this process.

To facilitate the transition of the board, following their appointment, Messrs Heron and Pienaar are invited to attend all committee meetings, including those of the audit committee. The directors will also be provided with a detailed induction and history of the takeover approaches to the company, including that of Heriot.

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