

**Safari Investments RSA Limited**

(Incorporated in the Republic of South Africa)

(Registration number 2000/015002/06)

Approved as a REIT by the JSE Limited

Share code: SAR

ISIN: ZAE000188280

("Safari" or "the Company")



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**REPURCHASE OF SOUTHERN PALACE CAPITAL PROPRIETARY LIMITED SHARES**

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Shareholders of Safari ("**Shareholders**") are referred to previous SENS announcements released by the Company relating to the Offer by Heriot Properties, a wholly owned subsidiary of Heriot REIT, and the parties acting in concert with it (collectively, "**Heriot**") to acquire Safari Shares. Capitalised terms not otherwise defined in this announcement shall bear the same meaning as in previous announcements.

Shareholders are also referred to the SENS announcement by the Company entitled the Southern Palace Update, dated 4 May 2020 detailing the terms of a reversionary pledge and cession ("**Reversionary Pledge and Cession**") of the 53 000 000 Safari shares ("**Pledged Shares**") previously held by Southern Palace Capital Proprietary Limited ("**Southern Palace**"), a guarantee by Southern Palace's holding company and a pledge and cession of all of the shares in Southern Palace (collectively, "**Southern Palace Security**"), as security for the claims which Safari has against Southern Palace.

As at the date of this announcement, the amount owing by Southern Palace (and its holding company, as guarantor) to Safari is approximately R520 million ("**Southern Palace Indebtedness**") and carries base (i.e. non default) interest at a back-to-back rate equal to Safari's borrowing costs for such funds.

The Pledged Shares are treated as treasury shares by Safari for accounting purposes.

As one or more events of default are continuing, Safari is entitled to enforce its rights under the Reversionary Pledge and Cession in respect of the Pledged Shares which includes the right to take over the Pledged Shares (and therefore cancel them) at fair market value, and now wishes to exercise such rights.

To this end, Safari has ceded the Pledged Shares in full to Maitlantic 1038 Proprietary Limited (the "**Nominee**"), a wholly-owned subsidiary of Stonehage Fleming Trustees Proprietary Limited ("**SFT**") in anticipation of realising the underlying value of the Pledged Shares by way of a repurchase of the Pledged Shares ("**Repurchase**"), as contemplated under section 48(8) of the Companies Act, 71 of 2008 ("**Companies Act**") which Repurchase is subject to the approval of the Safari Shareholders.

**Impact on the Heriot Offer**

The Heriot Offer was made on the basis that the Southern Palace Shares were 'treasury' shares and were thus excluded from the Offer and from the determination of the Offer Consideration. Aligned to this, the Nominee has provided an irrevocable undertaking to Heriot that it will not participate in, and will not accept, the Heriot Offer.

The Repurchase will accordingly not have any impact on the Heriot Offer. The Repurchase is conversely also not conditional on the Heriot Offer and will proceed independently thereof.

**Repurchase of the Pledged Shares**

The Company wishes to repurchase and cancel the Pledged Shares in part settlement of the Southern Palace Indebtedness.

## **Terms and conditions of the Repurchase**

The Pledged Shares will be repurchased at the higher of the price payable under the Heriot Offer (being R5.60 per Safari Share), less any distribution by Safari which accrues on the Pledged Shares after the first closing of the Heriot Offer, or such other price as is determined by an independent expert appointed in accordance with the Reversionary Pledge and Cession.

## **Impact of the Repurchase on the Company's HEPS, EPS and NAV**

As the Southern Palace Shares are presently accounted for as treasury shares in the Company's financial statements, the Repurchase will have no financial impact on Safari's earnings per share, headline earnings per share and net asset value per share.

The number of treasury shares held by the Company after the Repurchase will reduce to nil as the Pledged Shares will be cancelled and no longer treated as treasury shares.

## **Timing and Shareholder approval**

The Company will circulate a circular to Shareholders, together with a notice of meeting, for the Repurchase in due course, which will include the applicable timetable for the meeting and, if approved, for implementation of the Repurchase. The Company will advise Shareholders by SENS upon the issue of the circular and notice of meeting, which SENS will also include the applicable timetable. It is indicatively expected that the Repurchase, if approved by Shareholders, will occur early 2023.

Heriot has provided the Company with an irrevocable undertaking to vote in favour of the Repurchase, to the extent it is permitted to vote on such resolution under the Companies Act.

## **Responsibility statement**

The Independent Board, individually and collectively, accepts responsibility for the accuracy of the information contained in this announcement, which relates to Safari and has placed reliance on the information pertaining to Heriot as presented by it in the Firm Intention Announcement. To the best of the Independent Board's knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of such information.

Pretoria

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