

Wilderness Holdings Limited  
(Registration number 2004/2986)  
(Registered as an external company in South Africa Registration number 2009/022894/10)  
ISIN: BW0000000868  
Share Code: WIL  
("Wilderness" or "the Company")

## RESPONSE TO THE GAZETTE NEWSPAPER ARTICLES PUBLISHED 26 MARCH 2019

Wilderness Holdings has a long reputation of transparent engagement with the media as we value greatly the role they play in keeping our stakeholders informed about our organisation. Wilderness is proudly Botswana's leading indigenous ecotourism operator and has been committed to conservation and development in the country for 35 years. As a business born in Botswana and with 1,100 Batswana in our organisation, we are always keen to ensure that Batswana, who are obviously a key stakeholder, are always informed about developments in the Group. It is with this background that we felt it necessary to address a number of inaccuracies that have been published in the Gazette Newspaper.

Responding by way of an advertorial is not how we would normally respond, however due to our proposed de-listing it is vital that all are clear on the facts.

On 26 March 2019, the Gazette Newspaper published two articles concerning the Wilderness Holdings group entitled "Wilderness ducks into the shadow world" and "How Wilderness cashed in". These articles contained many allegations concerning Wilderness that are simply unfounded and damaging to the Group's interests. A significant number of these statements demonstrate a lack of understanding of how business and companies operate. The purpose of this response is therefore to identify and correct the most important of these many errors.

We do this to ensure that the valued readers of the Gazette newspaper, and our shareholders (both on the BSEL and JSE), are provided with the facts so that they can make informed decisions about Wilderness.

Article one was titled - "**Wilderness ducks into the shadow world**" (sic)

Gazette Newspaper statement	Correct facts
"By moving to de-list...will ensure that Wilderness's (sic) financial dealings are removed from the public scrutiny and become a private and secretive affair."	<p>Firstly, it is important to recognise that an Offer and de-listing such as is being contemplated here is a completely normal and routine practice. This is demonstrated by the fact that the regulations of both stock exchanges make specific provision for such processes. Other companies have de-listed off both the Botswana Stock Exchange Limited and JSE and did not attract negative comment in the press.</p> <p>Secondly, it is not true that the decision to de-list the company is motivated by a need to remove it from public scrutiny and make it a secretive affair. No evidence is advanced in the article to support this claim. This statement would then suggest that ALL companies not on an exchange do so to avoid such oversight. We would still need to provide audited accounts to BURS, have a board of directors that represent the various shareholders, and remain subject to oversight by the Botswana Accountancy Oversight Authority, etc. All these governance standards remain.</p>
<ul style="list-style-type: none"> <li>- "Through The Rise Fund, which holds more than a third of Wilderness stake (sic), the company will enjoy tax incentives in Mauritius." <i>and,</i></li> <li>- "Mauritius...has no taxes for offshore companies and offshore bank accounts..." <i>and,</i></li> <li>- "Wilderness will, through its major shareholder, The Rise Fund enjoy these benefits."</li> </ul>	<p>These statements display a fundamental lack of understanding of how companies and business operate and in particular of the distinction between a company and its shareholders:</p> <ul style="list-style-type: none"> <li>- We know of no way in which a company can benefit from the tax status of its shareholder/s or from any tax or other laws existing in the country/s of domicile of its shareholders;</li> <li>- As a Botswana company, Wilderness will continue to pay taxes, as required, in the country, regardless of the domicile of its various shareholders; and</li> <li>- Bank accounts are not taxed in any jurisdiction that we know of.</li> </ul>
"The Rise Fund, a US-based investment firm managed by PSG Growth..."	<ul style="list-style-type: none"> <li>- The Rise Fund is a fund, not a firm;</li> <li>- It is managed by TPG Growth, not PSG Growth.</li> </ul>
"Cork Bush is a Botswana company owned by Keith Vincent and Nick Stone."	Keith Vincent does not own any equity in Cork Bush.
"AWH says that chief of the reasons to de-list is to save on <i>exorbitant</i> listing fees, which Wilderness can no longer afford because Wilderness shares are underperforming on the stock market."	<ul style="list-style-type: none"> <li>- None of the italicised words have been used by AWH and this statement is a figment of the author's imagination;</li> <li>- The statement that Wilderness shares are underperforming on the stock market could not be further from the truth. In their MarketWatch Botswana newsletter for January 2019, reviewing performance of all companies listed on the BSEL during 2018, African Alliance noted "Over the year, performance was led by ecotourism counters Wilderness (+19.3%)..." In other words, during the last year, Wilderness was the <b>best</b> performing company on the exchange.</li> </ul>

Article number two. - "**How wilderness cashed in**"

Gazette Newspaper statement	Correct facts
"Wilderness...has since 2018 made over P10 billion in revenue derived through operating lucrative tourism concessions here in Botswana..."	<ul style="list-style-type: none"> <li>- Total group revenue (including revenue in all seven countries of operation) since 2018 will be no more than P1.35 billion (annual financial statements are being audited at this time);</li> <li>- The headline stating P10 billion in revenue <b>since 2010</b> from concessions in Botswana is also incorrect: <ul style="list-style-type: none"> <li>o This also includes revenues from the businesses in Kenya, Namibia, Rwanda, South Africa, Zambia and Zimbabwe, as well as those in Malawi, Republic of Congo and Seychelles from which Wilderness exited during the period in question;</li> <li>o The correct figure for (restated) turnover for the period, for Botswana, amounted to just under P3.3 billion, approximately a third of the figure of P10 billion claimed.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>- "...but the money trail shows hundreds of millions were gobbled up in expenses...BURS which ended up benefitting just P256 million as taxation since 2010." <i>and,</i></li> <li>- "The costs of sales and expenses collectively gobbled up 90 per-cent of its earnings since 2010."</li> </ul>	<p>All businesses incur costs, both direct ('cost of sales') and indirect ('overheads' or 'operating expenses'). Wilderness is no exception. As demonstrated by the statement by African Alliance that Wilderness is presently one of the top performing companies on the BSEL, the Group's costs are obviously well controlled by industry standards. Comparison of Wilderness' reported costs with those of other listed companies in the tourism industry shows broad consistency of cost structures, after compensating for differences between the businesses of these companies.</p> <p>In addition:</p> <ul style="list-style-type: none"> <li>- Total income tax paid by the group over that period amounted to P205 million, not the P256 million claimed, but it should be noted that this includes income taxes paid to revenue authorities in other countries as well;</li> <li>- It is useful to note that the ratio of <b>income tax</b> paid by Wilderness to dividends paid to shareholders averaged 1.54 over the last five years, indicating that the respective governments yielded 50% more from the business, in direct income tax, than did shareholders. This ratio is more than double that achieved by other Botswana-listed companies in the sector. Note also that this figure <b>excludes</b> other revenues to government in the form of VAT and other taxes and payments, lease and concession fees and royalties etc. Our calculations for Botswana show that, when these additional payments are taken into account, Government on average (over the last three years), collected 125% more revenue from the business than shareholders did.</li> </ul>
"...profits paid out to shareholders as dividends were not as enticing. Profit growth between 2010 and 2018, rose from P48 million in 2010 to P87.3 million."	<ul style="list-style-type: none"> <li>- The figures quoted are in fact profits after tax, not dividends, as stated in the article;</li> <li>- In their MarketWatch Botswana newsletter for January 2019, reviewing performance on the BSEL during 2018, African Alliance noted "Over the year, performance was led by ecotourism counters Wilderness (+19.3%)..." This demonstrates quite how inaccurate the statement made in the article is.</li> </ul>
"...but the company never specifies what kind of costs..."	<ul style="list-style-type: none"> <li>- Detailed information on individual line items of costs are commercially sensitive and typically not disclosed by companies. Wilderness' disclosures are made strictly in accordance with the regulations of the BSEL and the JSE, as well as with International Financial Reporting Standards;</li> <li>- Our financial statements are subject to audit every year and we have had unqualified audit reports ever since the Group came into existence;</li> <li>- In the event that we were inflating our costs, as is alleged in the article, we would be short-changing our shareholders and depriving them of profits. In such event, they would take action against the Board and management.</li> </ul>
"In December 2016, Gazette Newspaper wrote that the Wilderness Group, through one of its subsidiaries Wilderness Tours Limited moved millions of Pula to its Bermuda based Wilderness Safari Limited Bermuda (sic) (registered as company No. EC20720) in a transaction labelled 'loan' which was interest free and with no repayment terms."	<ul style="list-style-type: none"> <li>- The Gazette Newspaper actually first made this allegation in December 2015, not 2016 as is stated in the article. It is indicative of the quality of the facts stated in the article that the Gazette were unable even to get this fact right.</li> <li>- The loan in question is in fact <b>from</b> Wilderness Safaris Limited (Bermuda) <b>to</b> Wilderness Tours Limited (Zambia), not the other way around as the article alleges. This error of fact renders the whole allegation being made - that profits are being moved from high tax to low tax jurisdictions - baseless. In any event, the fact that a loan is being made from one subsidiary to another is normal corporate practice and does not result in taxes being evaded, as is alleged.</li> </ul>
"Bermuda was Wilderness's (sic) overall holding company before restructuring. It now operates as is (sic) self-insurance fund, where the group stashes cash for future use."	<ul style="list-style-type: none"> <li>- The Group's self-insurance fund has since March 2015 been housed in the group holding company Wilderness Holdings Limited;</li> <li>- Even when the self-insurance fund was housed in the Bermuda subsidiary, the cash itself was banked with Stanbic Bank in Botswana. This fact negates the allegation being made by the Gazette in regard to the motives for this arrangement.</li> </ul>

In addition to the errors of fact listed above, the following allegations were made without any facts to substantiate them:

Gazette Newspaper statement	Correct facts
<ul style="list-style-type: none"> <li>- "By moving to de-list Wilderness...will ensure that Wilderness's (sic) financial dealings are removed from the public scrutiny and become a private and secretive affair." <i>and,</i></li> <li>- "...transactions between the various companies are made deliberately complex and confusing."</li> </ul>	No facts are advanced to substantiate either of these false statements.
"...such a practice falls under transfer pricing. Such corporates are believed to be shipping out money using three channels; commercial tax evasion, trade misinvoicing and abusive transfer pricing, in which the corporate bulk up most of its money on operational expenses (most of which is paid to the parent company), deliberately so as to declare a smaller profit."	<ul style="list-style-type: none"> <li>- It is important to note that no evidence whatsoever is advanced in support of the extremely damaging inference that Wilderness is engaging in such practices. We categorically deny any such wrongdoing and challenge the author to provide proof to back this accusation;</li> <li>- The allegations are also illogical: Wilderness Holdings is the group holding company, located in Botswana. The only way for profits to be returned to shareholders (which is the ultimate aim of all business) is for these profits to reach Wilderness Holdings Limited in Botswana so that they may ultimately be declared as dividends to shareholders;</li> <li>- There is no parent company of Wilderness Holdings and any payments to related parties, such as shareholders, are at arms-length and disclosed in accordance with the relevant international reporting standards and stock exchange listings regulations;</li> <li>- It is interesting to note that the Group's effective tax rate over the last five years has averaged 34%, whereas Botswana's rate of company tax is 22%. This fact undermines any allegation of tax evasion.</li> </ul>

In regard to the many errors of fact and of understanding listed above, we note that the Gazette newspaper made no effort to contact Wilderness for comment nor to verify the facts that were to be quoted in these articles. Had this elementary tenet of journalism been followed, the Gazette could have avoided publishing so many incorrect and unfounded statements, and we would not have to reserve our rights against the Gazette which, regrettably we now have to do.

We welcome engagement with the Press and are always available to discuss and clarify where subject matter may not be familiar to a reporter. This we will continue to do as transparency forms a significant principle of how we operate.

*Our journeys change lives*

[www.wilderness-safaris.com](http://www.wilderness-safaris.com)

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