

**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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## **FIRM INTENTION ANNOUNCEMENT BY SAFARI IN RESPECT OF A PROPOSED SPECIFIC REPURCHASE OF SHARES**

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### **1. INTRODUCTION**

- 1.1 Shareholders of Safari ("**Shareholders**") are referred to the previous Stock Exchange News Service announcements released by the Company on 4 May 2020, 29 July 2022, and 13 October 2022 ("**SP Update Announcements**") which provided details of a reversionary pledge and cession ("**Reversionary Pledge and Cession**") of the 53 million Safari shares previously held by Southern Palace Capital Proprietary Limited ("**Southern Palace**") and the additional security in respect of the claims which Safari has against Southern Palace.
- 1.2 As at 13 October 2022, the amount owing by Southern Palace (and its holding company, Southern Palace Group of Companies Proprietary Limited ("**Southern Palace Group**"), as guarantor) to Safari was approximately R520 million ("**Southern Palace Indebtedness**").
- 1.3 As a result of continuing events of default at the time, Safari elected to enforce its rights under the Reversionary Pledge and Cession by ceding the 53 million Safari shares ("**Ceded Shares**") to Maitlantic 1038 Proprietary Limited ("**Nominee**"), a wholly-owned subsidiary of Stonehage Flemming Trustees Proprietary Limited, in anticipation of realising the underlying value of such Ceded Shares.
- 1.4 In order to give effect to Safari's security rights, the board of directors of Safari ("**Board**") has resolved to repurchase the Ceded Shares from the Nominee for a repurchase price of R5.87 per Share, which aggregate amount is equal to R311,110,000 ("**Repurchase Consideration**") and the subsequent delisting and cancellation of the Repurchase Shares from the JSE Limited ("**JSE**"), in terms of sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act, 71 of 2008 ("**Companies Act**") and paragraph 5.69 of the JSE Listings Requirements ("**JSE Listing Requirements**") ("**Repurchase**"). No funds will flow as the Repurchase Consideration will be set-off against the Southern Palace Indebtedness (as more fully described in paragraph 4.2.2 below).
- 1.5 The contents of this announcement ("**Firm Intention Announcement**") constitute a firm intention by Safari to undertake the Repurchase in terms of Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act ("**Takeover Regulations**").
- 1.6 Safari has constituted an independent board of directors of Safari ("**Independent Board**") for purposes of the Repurchase, the role of which includes evaluating the terms and conditions of the Repurchase and advising Shareholders thereon. The Independent Board comprises Dr MT Matshoba-Ramuedzisi, Mr GJ Heron and Mr MH Muller.
- 1.7 The purpose of this Firm Intention Announcement is to advise Shareholders of the terms and conditions of the Repurchase.

### **2. RATIONALE FOR THE TRANSACTION**

- 2.1 Shareholders are referred to the circular dated 7 June 2017 ("**Capital Raise Circular**")

in respect of a capital raise implemented by Safari on or about 28 August 2017 in which Safari issued 99 552 633 Shares at R7,60 per share, raising an aggregate sum of R756 600 011 from Bridge Fund Managers Holdings Proprietary Limited (formerly Grindrod Asset Management Proprietary Limited), Safari Hold Proprietary Limited, Southern Palace, Stanlib Asset Management Limited and WDB Investment Holdings Proprietary Limited ("**Capital Raise**"). Southern Palace was a participant in the Capital Raise. The proceeds of the Capital Raise were used to, among other things, reduce Safari's bond debt and strengthen its balance sheet and cashflows, as more fully described in the Capital Raise Circular.

- 2.2 Southern Palace's subscription for shares in the Capital Raise was principally funded by an A loan facility in an amount of R225 000 000 ("**Loan A**") and B loan facility in an amount of R230 000 000 ("**Loan B**"), each provided by Sanlam Life Insurance Limited (acting through its Sanlam Capital Markets Division) ("**Sanlam**") to Southern Palace ("**Sanlam Facilities**") with the balance being raised separately by Southern Palace from Sanlam through an equity bridge facility. As one of Sanlam's conditions to providing the Sanlam Facilities to Southern Palace, Safari provided financial support to Southern Palace in the form of a guarantee ("**Safari Guarantee**"), supported by a R250 million facility to Safari from Absa Bank Limited ("**Absa Facility**"). In terms of the Absa Facility, Absa provided Sanlam with a collateral guarantee in the amount of R250 million with the balance of financial support to Southern Palace being covered by earmarked capacity within Safari's other debt facilities.
- 2.3 Accordingly, the commercial position for Safari under the initial Southern Palace transaction was that it received R501,6 million in equity subscriptions from Southern Palace (with funding therefore mostly being underwritten by Safari) against the issue of 66 million Safari Shares.
- 2.4 During September 2018, Sanlam called on the equity bridge facility in an amount of R51,6 million and due to non-payment, sold 13 million Safari shares to settle this facility plus penalties, costs and interest. The 13 million shares were sold to a third party and Safari was not a party to such arrangements. The funding raised by Southern Palace for the transaction was also partly repaid by the sale of 13 million of the initial 66 million shares at a price of approximately R4,67 per share, and from the dividends received by Southern Palace on the Safari shares.
- 2.5 In June 2019, as a result of a persistent shortfall on the interest payable under the Sanlam Facilities, Sanlam and Safari agreed to restructure the transaction such that Safari settled Loan A and the accrued interest thereon in an amount of R252 032 465.75. At this time, Southern Palace's liability to Safari in relation to the Safari Guarantees and the amounts paid and payable thereunder was secured by the following security agreements:
  - 2.5.1 the Reversionary Cession and Pledge;
  - 2.5.2 a guarantee, cession and pledge agreement between Southern Palace Group and Safari dated 19 June 2019 (Holdco Guarantee, Pledge and Cession);
  - 2.5.3 an acknowledgement of debt agreement between Safari and Southern Palace, dated 21 June 2019 ("**Acknowledgement of Debt**"); and
  - 2.5.4 a voting agreement between Safari, Southern Palace and Sanlam dated 21 June 2019 ("**Voting Agreement**"),

(together, the "**Southern Palace Security**").
- 2.6 On or about May 2020, Sanlam called on Southern Palace for repayment of the outstanding balance under Loan B of the Sanlam Facilities. Southern Palace did not make the required payment, and Sanlam consequently called on Safari for repayment of the outstanding debt of approximately R221 million, which amount Safari discharged on or about 6 May 2020, by drawing down from the balance of the Absa Facility as well as from Safari's other existing debt facilities at the time.
- 2.7 Accordingly, Safari has a claim against Southern Palace for repayment of the amount

paid to Sanlam, and for repayment of all other amounts paid and payable by Safari (including interest, costs and fees) relating to the Capital Raise, in an amount equal to the Southern Palace Indebtedness. The Southern Palace Indebtedness is secured by the Southern Palace Security.

### 3. **CLASSIFICATION**

Given that the Repurchase constitutes a repurchase by Safari of more than 5% of the entire issued ordinary share capital of Safari, it is required that the Repurchase be approved and implemented in accordance with sections 48(8), 114 and 115 of the Companies Act and given that it constitutes a specific repurchase in terms of the JSE Listings Requirements, it must comply with and be approved in terms of paragraph 5.69 of the JSE Listings Requirements.

The Takeover Regulation Panel provided:

- 3.1 an exemption from regulation 106(4)(h) and 111(4) and (5) of the Takeover Regulations by allowing Safari to set-off the Repurchase Consideration against the Southern Palace Indebtedness and waive the requirement that Safari provides a guarantee or cash confirmation in respect of the Repurchase Consideration; and
- 3.2 a dispensation in respect of regulation 106(7)(c)(i) of the Takeover Regulations by allowing Safari to make complete sets of the annual financial statements available for inspection by Safari shareholders during normal business hours at the registered offices of the Company and the sponsor and by referring shareholders to the Safari website where the full sets of annual financial statements can be accessed, viewed and downloaded, as opposed to incorporating complete sets of the annual financial statements in the circular itself.

### 4. **TERMS AND CONDITIONS OF THE REPURCHASE**

Subject to the fulfilment or waiver of the Repurchase conditions precedent listed in paragraph 4.3 below, Safari wishes to implement the Repurchase in terms of sections 48(8), 114 and 115 of the Companies Act and paragraph 5.69 of the JSE Listings Requirements, and the salient terms of and other information pertaining to the Repurchase are set out below:

#### 4.1 **The Repurchase**

In terms of a repurchase agreement entered into between Safari and the Nominee on 22 February 2023 ("**Repurchase Agreement**"), Safari will repurchase the Ceded Shares from the Nominee for an amount equal to the Repurchase Consideration, constituting a specific share repurchase by Safari in terms of sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act and in terms of paragraph 5.69 of the JSE Listings Requirements. There are no concert parties to the Repurchase Agreement.

#### 4.2 **Repurchase Consideration**

- 4.2.1 The Ceded Shares will be repurchased for the Repurchase Consideration.
- 4.2.2 The Repurchase Consideration will be set-off against the Southern Palace Indebtedness and accordingly, no funds will flow.

#### 4.3 **Repurchase Conditions Precedent**

- 4.3.1 The implementation of the Repurchase is subject to the fulfilment or waiver (in whole or in part), as the case may be, of the following conditions:
  - 4.3.1.1 by no later than Friday, 28 April 2023, the approval by the Shareholders of the Repurchase Resolution as required in accordance with sections 48(8), 114(1)(e) and 115(2)(a) of the Companies Act and paragraph 5.69 of the JSE Listings Requirements is obtained; and by
  - 4.3.2 that in relation to any objections to the Repurchase by Shareholders:

- 4.3.2.1 no Shareholders give notice objecting to the Repurchase, as contemplated in section 164(3) of the Companies Act and vote against the resolutions to be proposed at a general meeting of Safari shareholders scheduled to be held at 12.00 on Friday, 31 March 2023 ("**General Meeting**") to approve the Repurchase; or
- 4.3.2.2 if Shareholders give notice objecting to the Repurchase, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, Shareholders holding no more than 1% of all Shares eligible to be voted at the General Meeting give such notice and vote against the resolutions proposed at the General Meeting; or
- 4.3.2.3 if Shareholders holding more than 1% of all Shares eligible to vote at the General Meeting give notice objecting to the Repurchase, as contemplated in section 164(3) of the Companies Act, and vote against the resolutions proposed at the General Meeting, the relevant Shareholders do not exercise their Appraisal Rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act within 30 Business Days following the General Meeting, in respect of more than 1% of the shares eligible to be voted at the General Meeting.

## 5. IRREVOCABLE UNDERTAKINGS

- 5.1 As at the date of this Firm Intention Announcement, the following Shareholders have provided irrevocable undertakings to Safari to vote all of each of their Safari shares (as stated below) in favour of the Repurchase:

Shareholder	Number of Shares held	Percentage of Shares <sup>1</sup>
Heriot REIT Limited together with its wholly-owned subsidiary Heriot Properties Proprietary Limited and certain concert parties (namely Heriot Investments Proprietary Limited and Reya Gola Investments Proprietary Limited)	146,516,751	47%
Safarihold Proprietary Limited	8 030 000	3%
Counter Point Boutique	5,610,940	2%
WDB Investment Holdings Proprietary Limited	6,232,372	2%
Majodiko Beleggings Proprietary Limited	4 077 782	1%
The Kyriacos Andrea Pashiou Trust	3 113 391	1%
P.E. Trust Nr.2	3 000 000	1%
Schuld Familie Trust	2 900 000	1%
The George Andrea Pashiou Trust	2 500 898	1%
TJ Trust James Bennet Theron	2 471 059	1%
Dream World Investments 77 Proprietary Limited	2 340 113	1%
Nyeleti Investment Trust	1,621,980	1%
Feisty Barracuda Holdings Proprietary Limited	2 216 857	1%
Feevos Andrea Pashiou Trust	2 039 451	1%
The Vasiliki Loizides Trust	2 001 616	1%
Fanus Kruger Consulting Proprietary Limited	703,940	0%
Fanus Kruger Trust	1,364,060	0%
<b>Total</b>	<b>196 741 210</b>	<b>63.6%</b>

**Notes:**

1. The percentage of Shares is calculated based on 310 826 016 Shares in issue, as at the date of this Firm Intention Announcement.
2. Excluding the Ceded shares which cannot be voted, the total number of shares is 257 826 016 and the signed irrevocable undertakings then equate to 76.6%).

**6. INDEPENDENT EXPERT AND FAIR AND REASONABLE OPINION**

- 6.1 In accordance with section 114(2) of the Companies Act, the Independent Board has appointed Valeo Capital Proprietary Limited as the independent expert in terms of section 114 of the Companies Act ("**Independent Expert**") to provide the Independent Board with external advice in relation to the Repurchase, in the form of an independent expert report as required in terms of section 114(3) of the Companies Act ("**Independent Expert's Report**").
- 6.2 The full substance of the Independent Expert's Report will be included in Annexure 1 to the circular to be distributed to Shareholders.

**7. POSTING OF THE REPURCHASE CIRCULAR AND NOTICE OF THE GENERAL MEETING**

- 7.1 The Repurchase Circular will provide full details of the Repurchase and will contain the General Meeting notice, the Independent Expert's Report, the recommendation of the Independent Board, the salient dates and times relating to the Repurchase and the necessary forms (including a form of proxy for use at the General Meeting ("**Form of Proxy**"), is expected to be distributed to Shareholders on or about Wednesday, 1 March 2023.
- 7.2 The General Meeting is expected to be held entirely by electronic communication as contemplated in section 63(2)(a) of the Companies Act at 12:00 on Friday, 31 March 2023 (or any adjourned or postponed date in accordance with the provisions of section 64(11) of the Companies Act and the memorandum of incorporation of Safari).

**8. RESPONSIBILITY STATEMENT****8.1 Board of directors**

The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Firm Intention Announcement contains all information required by law and the JSE Listings Requirements.

**8.2 Independent Board**

The Independent Board and the Board collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Firm Intention Announcement contains all information required by law and the JSE Listings Requirements.

Pretoria

**Wednesday, 22 February 2023**

**Sponsor**

PSG Capital

**Legal Advisor**

Webber Wentzel

**Corporate Advisor**

Moore Corporate Finance

**Independent Expert**

Valeo Capital

Queries:

Pieter Van Niekerk

Email: [pieter@safari-investments.com](mailto:pieter@safari-investments.com)

Tel: +27 (0)12 365 1889