

Atlantic Leaf Properties Limited
(Incorporated in Jersey)
(Registration Number: 128426)
SEM share code: ALPL.N0000
JSE share code: ALP
ISIN: MU0422N00009
www.atlanticleaf.com
("Atlantic Leaf" or the "Company")



RECOMMENDED CASH ACQUISITION OF ATLANTIC LEAF BY SOUTH DOWNS INVESTMENT LP

1 INTRODUCTION

1.1 Shareholders of Atlantic Leaf ("**Atlantic Leaf Shareholders**") are advised that on 22 May 2020, Atlantic Leaf entered into an implementation agreement (the "**Implementation Agreement**") with South Downs Investment LP (the "**Offeror**"), a wholly-owned subsidiary of investment funds managed by Apollo (as defined and further described in paragraph 3.1 of this announcement), and agreed the terms of a recommended cash acquisition pursuant to which the Offeror, subject to the fulfilment of the conditions described in paragraph 7 of this announcement (the "**Conditions**"), will acquire all the issued and to be issued share capital of Atlantic Leaf ("**Atlantic Leaf Shares**") for an aggregate cash consideration of approximately GBP152 million (the "**Acquisition**"). Following completion of the Acquisition (the date on which completion occurs being, the "**Completion Date**"), the listing of the Atlantic Leaf Shares on the exchanges operated by JSE Limited ("**JSE**") and the Stock Exchange of Mauritius Ltd ("**SEM**") will be terminated at the commencement of trading on the JSE and the SEM, respectively, on the business day immediately after the Completion Date.

1.2 The Acquisition is intended to be implemented by way of a Jersey Court sanctioned scheme of arrangement under Article 125 of the Companies (Jersey) Law, 1991, as amended (the "**Jersey Companies Law**") between Atlantic Leaf and Atlantic Leaf Shareholders (the "**Scheme**"). The Scheme will be a scheme of arrangement for purposes of paragraph 1.17(b) of the Listings Requirements published by the JSE ("**JSE Listings Requirements**"). The Scheme is described in further detail in paragraph 6.1 of this announcement.

1.3 Under the terms of the Acquisition, which shall be subject to the Conditions and further terms set out in the circular to be despatched to Atlantic Leaf Shareholders in connection with the Acquisition (the "**Circular**") in due course, each Atlantic Leaf Shareholder on the register of members of the Company at the record date and time for participation in the Scheme (the "**Scheme Record Time**") shall be entitled to receive:

for each Atlantic Leaf Share 80.5 GBP pence

(the "**Scheme Consideration**"), which Scheme Consideration is ex the 4.5 GBP pence (gross) per Atlantic Leaf Share distribution (being R1.02 per Atlantic Leaf Share) as announced by the Company on 12 May 2020 that will be paid to Atlantic Leaf Shareholders on or around 25 May 2020 (the "**May 2020 Distribution**"). When aggregated with the May 2020 Distribution, an Atlantic Leaf Shareholder will, in respect of each Atlantic Leaf Share, receive **85.0 GBP pence**, comprising the **80.5 GBP pence** Scheme Consideration and **4.5 GBP pence** May 2020 Distribution.

1.4 Atlantic Leaf does not intend to declare any further dividend, distribution or return in value in respect of the Atlantic Leaf Shares prior to the date upon which the Scheme becomes effective in accordance with its terms ("**Effective Date**"), anticipated to be on or about 4 August 2020. However, if on or after the date of this announcement and on or prior to the Effective Date any dividend, distribution or return in value is declared, made or paid by Atlantic Leaf in respect of the Atlantic Leaf Shares, the Scheme Consideration shall be reduced by the amount of such

dividend, distribution or return in value. In such circumstances, Atlantic Leaf Shareholders would be entitled to retain any such dividend, distribution or return in value declared, made or paid.

- 1.5 The Acquisition values the entire issued and to be issued share capital of Atlantic Leaf at approximately GBP152 million. As at the close of markets on 21 May 2020, being the last business day prior to the date of this announcement, the Scheme Consideration of 80.5 pence was equivalent to R17.30 per Atlantic Leaf Share based on the GBP/Rand exchange rate of 21.49, which represents a premium of approximately:

	Atlantic Leaf share price as at 21 May 2020 <i>(note 1)</i>	Atlantic Leaf clean share price as at 21 May 2020 <i>(note 2)</i>	Scheme Consideration premium (%) <i>(note 3)</i>
Closing share price	R13.00	R13.00	33.06%
30-day VWAP	R12.99	R11.97	44.46%

Notes:

1. The closing middle market price of an Atlantic Leaf Share at 21 May 2020 and volume-weighted average price per Atlantic Leaf Share for the 30-trading day period up to and including 21 May 2020, being the last business day prior to the date of this announcement, as derived from TBO.
2. The Atlantic Leaf Share price less the May 2020 Distribution (the "**Atlantic Leaf clean share price**"). The Atlantic Leaf Share traded ex entitlement to the May 2020 Distribution with effect from 20 May 2020, and accordingly no adjustment is made to the closing share price as at 21 May 2020 to arrive at the clean price. The 30-day VWAP has been calculated by deducting the May 2020 Distribution from the Atlantic Leaf Share price for trades prior to 20 May 2020, from which date the Atlantic Leaf Share traded ex entitlement to the May 2020 Distribution.
3. The premium/(discount) of the Scheme Consideration (converted into Rand at the GBP/Rand exchange rate at the close of markets on 21 May 2020, being R21.4887) relative to the Atlantic Leaf clean share price.

- 1.6 The Independent Board (as defined in paragraph 11.1 of this announcement) is in support of the Acquisition, as further described in paragraph 11 of this announcement.

2 INFORMATION ABOUT ATLANTIC LEAF AND RATIONALE FOR THE ACQUISITION

- 2.1 Atlantic Leaf was first established in Mauritius in 2013 and listed on the Official List of the SEM in order to take advantage of Mauritius's business friendly infrastructure and tax regime (including double tax agreements with many jurisdictions), and to gain access to a global investor base of managed funds, high net worth individuals and other sources of capital.
- 2.2 Atlantic Leaf subsequently executed an inward listing of Atlantic Leaf Shares on the JSE in order to: provide an additional source of capital to fund its growth aspirations; enhance potential investors' awareness of the Company; improve the depth and spread of the shareholder base, thereby improving liquidity in the trading of Atlantic Leaf Shares; provide investors, both institutional and private, with the opportunity to participate directly in the income streams and future capital growth of the Company; and provide investors with an additional market for trading the Atlantic Leaf Shares.
- 2.3 Atlantic Leaf has historically been successful in attracting capital from investors, both current and new, and as a result grew the portfolio to approximately GBP334.9 million. Since inception, Atlantic Leaf's management team has sought to acquire assets that provide future

asset management opportunities which in turn support future net asset value growth while also protecting underlying asset values.

- 2.4 Although facing various challenges in the United Kingdom (“**UK**”) real estate market, Atlantic Leaf has consistently been able to generate attractive dividend returns by ensuring that it acquired well tenanted, strategically located assets that have offered rental growth.
- 2.5 Atlantic Leaf’s underlying asset base is relatively defensive. However, the challenging market environment in both South Africa and the United Kingdom has resulted in sector withdrawals from institutional investors and limited support for capital raises. This has put pressure on Atlantic Leaf’s share price, which has in turn made it uneconomic to raise new equity capital to fund portfolio growth. In addition, Atlantic Leaf’s share price has recently suffered due to the limited liquidity of its shares, specifically as a small cap stock, and the publicly stated intention of its largest shareholder, Vukile Property Fund Limited, to dispose of its stake in Atlantic Leaf in the near term.
- 2.6 The UK has also seen continued market uncertainty, particularly surrounding Brexit, which is likely to persist until negotiations are further progressed with the European Union. This uncertainty has put strain on the property sector in general, although industrial assets have remained more resilient having benefited from changes in consumer behaviour as a consequence of e-commerce, which has in turn led to increased occupier demand for industrial warehousing.
- 2.7 The Covid-19 pandemic has added further uncertainty. Shares in listed property companies have fallen considerably in price. The wider property sector is expected to face continued headwinds in the near future, which could result in potential downward pressure on underlying rents and asset valuations. It can be expected that any potential recovery in share prices is likely to occur first in larger and more liquid companies. Given their relative illiquidity, the Atlantic Leaf Shares are therefore potentially less likely to re-rate as quickly as those of more liquid peers.
- 2.8 Whilst the board of directors of Atlantic Leaf (the “**Atlantic Leaf Board**”) remains confident regarding the underlying strength and prospects of the business, it has considered the terms of the Acquisition in the context of the dynamics described above, amongst other considerations. The Independent Directors believe that the Acquisition provides Atlantic Leaf Shareholders with a fair and reasonable consideration for their Atlantic Leaf Shares, and represents an attractive opportunity to realise their investments in the near term, in cash, and at a significant premium to the price at which Atlantic Leaf Shares have traded over an extended period of time, as described in paragraph 1.5 of this announcement.

3 INFORMATION ABOUT APOLLO AND REASONS FOR THE ACQUISITION

- 3.1 The Offeror is indirectly owned by Apollo European Principal Finance Fund III (Dollar A), L.P., Apollo European Principal Finance Fund III (Master Dollar B), L.P. and Apollo European Principal Finance Fund III (Master Euro B), L.P. (collectively, “**EPF III**”). EPF III is one of the investment funds, separate accounts and vehicles (the “**Apollo Funds**”) managed or sub-advised by Apollo Global Management, Inc. and its subsidiaries from time to time (“**Apollo**”).
- 3.2 Founded in 1990, Apollo is a publicly listed (NYSE:APO) leading global alternative investment manager. Apollo has assets under management of approximately USD\$316 billion as of 31 March 2020, including investments in private equity, credit assets, and real assets, and a team of over 450 investment professionals located in 16 offices.
- 3.3 The Apollo Funds bring a sizeable capital base, access to captive funding and execution resources and deep experience of investing in real assets portfolios. Capital for the funding of the Acquisition will be provided by EPF III, which was created with total equity commitments of approximately USD\$4.6 billion. Along with over €4.6 billion of equity invested by its predecessor funds, Apollo European Principal Finance Funds I and II (together with EPF III, “**Apollo EPF**”), this makes Apollo EPF one of the largest investors in real assets across Europe.

- 3.4 Apollo EPF has been an active investor in the UK real estate sector since 2007 through a wide range of investment types and is therefore highly experienced and proficient in underwriting and completing transactions in this sector.
- 3.5 Apollo believes that Atlantic Leaf, as a UK REIT focused predominantly on investments in the industrial and logistics sector of the UK market, is complementary to the Apollo Funds' existing real estate holdings. With its deep and flexible capital base overseen by a team of experienced real estate professionals, the Apollo Funds will be able to support the Company in the next phase of its growth.

4 ATLANTIC LEAF BOARD CHANGES, MANAGEMENT AND EMPLOYEES

- 4.1 The Offeror intends for Atlantic Leaf to remain an externally managed vehicle with no employees following the completion of the Acquisition and it is currently anticipated that a new management company will be incorporated by members of the existing management team (the "**Existing Management Team**") to act as the external manager after the Completion Date. The Offeror also expects the business to remain domiciled in Jersey.
- 4.2 The Offeror intends for Atlantic Leaf's executive directors, namely Paul Leaf-Wright and Mark Pryce (the "**Executive Directors**"), to remain in their roles as chief executive officer and financial director, respectively, of Atlantic Leaf following the Completion Date and to continue leading the growth of the Company going forward, alongside the Offeror's nominated directors as referred to in paragraph 4.4 of this announcement.
- 4.3 Under the terms of the Implementation Agreement, one of Peter Bacon (the independent non-executive chairman) or Charles Butler (independent non-executive director) will remain on the Atlantic Leaf Board until the Completion Date to oversee the implementation of the Acquisition, together with the Executive Directors.
- 4.4 Furthermore, under terms of the Implementation Agreement, on the Effective Date the Offeror will be entitled to nominate up to three persons for appointment as directors of Atlantic Leaf (the "**Offeror Nominated Directors**"). Accordingly, during the period from the Effective Date to the Completion Date, the Atlantic Leaf Board will comprise Paul Leaf-Wright, Mark Pryce, either Peter Bacon or Charles Butler and up to three Offeror Nominated Directors. The Offeror Nominated Directors will not be involved in the implementation of the Acquisition during the period from the Effective Date to the Completion Date.
- 4.5 Atlantic Leaf's other existing non-executive directors, namely, Peter Bacon or Charles Butler (as the case may be), Laurence Rapp, Cleopatra Folkes, Nicholas Winearls and Rudolf Pretorius will resign as directors of Atlantic Leaf with effect from the Effective Date. Peter Bacon or Charles Butler (as the case may be), will resign as a director of Atlantic Leaf on the Completion Date.

5 DISTRIBUTIONS

- 5.1 The Scheme Consideration of 80.5 GBP pence is ex the May 2020 Distribution of the 4.5 GBP pence (gross) per Atlantic Leaf Share distribution (with the Rand equivalent therefore being R1.02 per Atlantic Leaf Share) as announced by the Company on 12 May 2020.
- 5.2 The Atlantic Leaf Board does not intend to declare any further dividend, distribution or return in value in respect of the Atlantic Leaf Shares prior to the Effective Date. If the Atlantic Leaf Board announces any further dividend, distribution or return in value in respect of the Atlantic Leaf Shares on or before the Effective Date, that is permitted under the terms of the Implementation Agreement, the Scheme Consideration will be reduced further by the amount of such dividend, distribution or return in value and Atlantic Leaf will issue an announcement on SENS and the SEM Website and publish such changes to the Scheme Consideration on its website at www.atlanticleaf.com.
- 5.3 Further details of the Scheme Consideration is set out in paragraphs 1.3 to 1.5 and 6.2 of this announcement.

6 SALIENT TERMS OF THE ACQUISITION

6.1 Scheme

- 6.1.1 It is intended that the Acquisition shall be effected by means of a Jersey Court sanctioned scheme of arrangement between Atlantic Leaf and Scheme Shareholders (as defined below) under Article 125 of the Jersey Companies Law.
- 6.1.2 The purpose of the Scheme is to provide for the Offeror to become the holder of the entire issued and to be issued share capital of Atlantic Leaf. This is to be achieved by the transfer of the Atlantic Leaf Shares in issue at the Scheme Record Time to the Offeror, in consideration for which the Atlantic Leaf Shareholders who are recorded on the register of members of the Company at the Scheme Record Time (together with any subsequent holder of such Atlantic Leaf Shares who shall be treated as being, or shall have agreed in writing to be, bound by the Scheme, the “**Scheme Shareholders**”), shall receive the Scheme Consideration on the basis set out in paragraphs 1.3 to 1.5 and 6.2 of this announcement.
- 6.1.3 The Acquisition and the Scheme will be subject to the fulfilment or, if capable of waiver, waiver by the Offeror (as the case may be) of the Conditions referred to in paragraph 7 of this announcement and the other conditions and further terms of the Acquisition as described or referred to in the Circular.
- 6.1.4 If the Scheme becomes effective in accordance with its terms it will be binding on all Scheme Shareholders irrespective of whether or not they attended and voted at the meeting of Atlantic Leaf Shareholders (or any adjournment thereof) convened with the permission of the Royal Court of Jersey (the “**Court**”) pursuant to Article 125(1) of the Jersey Companies Law for the purpose of considering and, if thought fit, approving, with or without modification, the Scheme (the “**Scheme Meeting**”).
- 6.1.5 If and to the extent that any of the Executive Directors, management and management related shareholders are instructed by the Offeror not to vote at the Scheme Meeting, they have undertaken (i) not to exercise or procure the exercise of the voting rights attaching to their Atlantic Leaf Shares on the resolution to approve the Scheme but (ii) nonetheless to be bound by the terms of the Scheme and further in accordance with the terms of the Scheme they will be treated as a Scheme Shareholder and each of them will be subject to and be bound by the Scheme on and from the Effective Date. Atlantic Property Investments Limited (“**APIL**”), a shareholder of Atlantic Leaf and a company associated with the existing external asset manager of Atlantic Leaf is also expected to enter into a similar undertaking in relation to its shareholding in the Company.
- 6.1.6 The Scheme shall become unconditional and effective in accordance with its terms on the date of delivery to the Registrar of Companies in Jersey (the “**Jersey Registrar**”) of the order of Court sanctioning the Scheme, which is expected to take place on or around 4 August 2020 on the current indicative timetable.
- 6.1.7 Following the Effective Date, the Acquisition will be implemented in accordance with the usual timetable and procedures prescribed by the JSE Listings Requirements. Accordingly, in order to comply with the JSE Listings Requirements which requires Atlantic Leaf to afford Atlantic Leaf Shareholders the ability to trade their holdings of Atlantic Leaf Shares on the Main Board of the JSE and the Official List of the SEM for a minimum period of five business days after the date of publication of the finalisation announcement in respect of the Scheme, which is expected to be on or about 4 August 2020 on the current indicative timetable, completion of the Acquisition is expected to occur on or around 17 August 2020, being nine business days after the Effective Date.
- 6.1.8 On completion of the Acquisition:
- 6.1.8.1 the Offeror will become the legal and beneficial holder of all the Atlantic Leaf Shares in issue at the Scheme Record Time; and

6.1.8.2 in consideration for the Acquisition, each Scheme Shareholder will be entitled to receive the Scheme Consideration in respect of each Atlantic Leaf Share held at the Scheme Record Time, on the basis set out in paragraphs 1.3, 1.4 and 6.2 of this announcement.

6.1.9 Subject to the Scheme becoming effective, it is expected that the listing of the Atlantic Leaf Shares on the Main Board of the JSE and the Official List of the SEM will be terminated at the commencement of trading on the JSE and the SEM, respectively, on the business day immediately after the Completion Date.

6.2 **Scheme Consideration**

6.2.1 The Scheme Consideration will be an amount equal to 80.5 GBP pence for each Atlantic Leaf Share held by Scheme Shareholders at the Scheme Record Time. This amount, when aggregated with the May 2020 Distribution of 4.5 GBP pence (gross) per Atlantic Leaf Share to be paid to Atlantic Leaf Shareholders on or around 25 May 2020 amounts to an aggregate of 85.0 GBP pence.

6.2.2 If, on or after the date of this announcement and on or prior to the Effective Date, any further dividend, distribution or return in value (other than the May 2020 Distribution) is declared is made or paid by Atlantic Leaf in respect of the Atlantic Leaf Shares (as permitted under the terms of the Implementation Agreement), the Scheme Consideration shall be reduced by the amount of such dividend, distribution or return in value. In such circumstances, Scheme Shareholders would be entitled to retain any such dividend, distribution or return in value declared, made or paid.

6.2.3 Scheme Shareholders that are registered on the South African share register at the Scheme Record Time will receive the Scheme Consideration in Rand in an amount equivalent to the GBP amount to be paid in respect of each Atlantic Leaf Share (and for this purpose the GBP denominated Scheme Consideration will be converted to Rand at the spot closing mid-point rate for a transaction between Rand and GBP on the Effective Date, as quoted by the Financial Times, UK edition or, if no such rate is quoted on that date, on the preceding date on which such rate is quoted, which rate will be published in the finalisation announcement to be published on the Effective Date).

6.2.4 Scheme Shareholders that are registered on the Mauritian share register at the Scheme Record Time will receive the Scheme Consideration in GBP.

6.2.5 Details on the GBP/Rand exchange rate applicable to the Scheme Consideration will be included in the finalisation date announcement published on SENS and the SEM Website on the Effective Date.

6.3 **Funding of the Scheme Consideration**

6.3.1 The Scheme Consideration to be paid by the Offeror in cash will be funded by equity funding to be invested by EPF III in the Offeror.

6.3.2 The directors of South Downs Investment Limited (the "**Offeror GP Directors**"), being the general partner of the Offeror, have confirmed that sufficient financial resources are available to satisfy the Scheme Consideration payable by the Offeror under the terms of the Acquisition. The Offeror has furnished Atlantic Leaf with a commitment letter issued by EPF III for the benefit of the Offeror.

6.3.3 Lazard & Co., Limited, as financial advisor to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to enable it to satisfy in full the Scheme Consideration payable by the Offeror under the terms of the Acquisition.

6.4 Implementation Agreement

6.4.1 Atlantic Leaf and the Offeror entered into the Implementation Agreement on 22 May 2020 to regulate the implementation of the Acquisition. Pursuant to the terms of the Implementation Agreement:

6.4.1.1 Atlantic Leaf has agreed to use its reasonable endeavours to secure the regulatory clearances and approvals necessary to implement the Acquisition as soon as reasonably practicable;

6.4.1.2 Atlantic Leaf and the Offeror have agreed to co-operate with each other, including provide all relevant information, in order to obtain such regulatory clearances and approvals and prepare the documents relating to the Acquisition;

6.4.1.3 Atlantic Leaf and the Offeror currently intend to implement the Acquisition by way of the Scheme, however, in certain circumstances, the Offeror may elect to implement the Acquisition by way of a takeover offer (as defined in Article 116 of the Jersey Companies Law) and Atlantic Leaf shall agree to such election subject to and in accordance with the terms of the Implementation Agreement;

6.4.1.4 the Offeror has undertaken to be bound by the Scheme (subject to satisfaction or waiver of certain Conditions) and has entered into certain obligations in relation to its rights under a commitment letter issued by EPF III including in relation to satisfying payment of the Scheme Consideration;

6.4.1.5 Atlantic Leaf has provided certain warranties to the Offeror regarding the title and ownership of its assets, and general warranties regarding its business and affairs;

6.4.1.6 Atlantic Leaf has undertaken to the Offeror that it will comply with certain customary restrictions relating to the management and operation of its business in the period between the date of the Implementation Agreement and the Completion Date; and

6.4.1.7 Atlantic Leaf has provided customary exclusivity and non-solicitation undertakings to the Offeror.

6.4.2 The Implementation Agreement shall terminate in certain circumstances, the principal of which may be summarised as follows:

6.4.2.1 if the Effective Date has not occurred on or before 15 October 2020 (as may be extended pursuant to the terms of the Implementation Agreement) (the “**Long Stop Date**”);

6.4.2.2 on the delivery of a written notice by the Offeror to Atlantic Leaf, if: (a) the Independent Expert Report is not received by the Independent Directors by the latest date provided for this purpose in the Implementation Agreement; (b) upon receipt, the Independent Expert Report does not confirm that the Acquisition is fair and reasonable insofar as Atlantic Leaf and Atlantic Leaf Shareholders as a whole are concerned resulting in any regulatory approval not being obtained; (c) if the Acquisition is implemented by way of the Scheme, the unanimous and unconditional recommendation by the Independent Directors to Atlantic Leaf Shareholders regarding the Acquisition is not included in the Circular; (d) if the Acquisition is implemented by way of an Offer, the Independent Directors withdraw, qualify or modify their recommendation to Atlantic Leaf Shareholders regarding the Acquisition; (e) a competing proposal is recommended by the Atlantic Leaf Board or the Independent Directors (as the case maybe) to Atlantic Leaf Shareholders; or (f) Atlantic Leaf has breached the exclusivity and non-solicitation undertakings contained in the Implementation Agreement;

6.4.2.3 if a competing proposal completes, becomes effective or is declared wholly unconditional in all respects;

- 6.4.2.4 on the delivery of a written notice by the Offeror to Atlantic Leaf, if any Condition which has not been waived is (or becomes) incapable of satisfaction, or if any Condition incapable of waiver is incapable of satisfaction, in each case, on or before the Long Stop Date;
- 6.4.2.5 on the delivery of a written notice by the Offeror to Atlantic Leaf, if: (a) the hearing of the Court at which the Court will be invited to grant its permission to convene the Scheme Meeting and provide directions in connection with the Circular is not held by the latest date provided for this purpose in the Implementation Agreement; (b) the Circular is not despatched to Atlantic Leaf Shareholders within the timeframe set out in the Implementation Agreement; (c) the Scheme Meeting is not held by the latest date provided for this purpose in the Implementation Agreement; or (d) the Court Hearing (as defined in paragraph 7.1.3 of this announcement) is not held by the latest date provided for this purpose in the Implementation Agreement; or (e) if the Scheme is approved by Atlantic Leaf Shareholders at the Scheme Meeting, but Atlantic Leaf does not attend the Court Hearing;
- 6.4.2.6 if (a) the Scheme is not approved by the requisite majorities of Atlantic Leaf Shareholders at the Scheme Meeting; (b) the Scheme is not sanctioned by the Court at the Court Hearing; or (c) a copy of the order of the Court sanctioning the Scheme under Article 125(2) of the Jersey Companies Law (the “**Court Order**”) is not delivered to the Jersey Registrar on or as soon as practicable after the business day immediately after the date of the Court Hearing (or such other date provided for this purpose in the Implementation Agreement);
- 6.4.2.7 if the Acquisition lapses, terminates or is withdrawn prior to the Long Stop Date in accordance with its terms;
- 6.4.2.8 on the delivery of a written notice by the Offeror to Atlantic Leaf before the Scheme Meeting, if there has been: (a) a breach of any fundamental warranty or, subject to certain financial limitations, a breach of any business warranty, in each case, given by Atlantic Leaf at the date of the Implementation Agreement; (b) there shall occur any act or event at any time prior to the Court Hearing which would or might reasonably be expected to result, by reference to the facts and circumstances then existing, in a breach of any fundamental warranty, as if it was repeated at any time prior to the date of the Court Hearing; and/or (c) there has been a breach by Atlantic Leaf of any of the undertakings relating to the management and operation of its business contained in the Implementation Agreement, in each case, which is incapable of remedy or, if capable of remedy, is not remedied to the reasonable satisfaction of the Offeror within the time frames set out in the Implementation Agreement;
- 6.4.2.9 in the event of a material adverse effect after the date of the Implementation Agreement and before the date of the Court Hearing on the business, operations, assets, cash flows, liabilities, indebtedness, financial, taxation or trading position or profits of the Atlantic Leaf group taken as a whole, but not to the extent that such effect is attributable the Coronavirus disease 19 (COVID 19), provided that such COVID 19 resultant effect was not within the reasonable control of Atlantic Leaf and Atlantic Leaf took all reasonable steps to avoid or mitigate such effect; and
- 6.4.2.10 if any law or regulation has been enacted, promulgated, amended or lawfully applied by any regulatory authority after the date of the Implementation Agreement and has taken effect prior to the Effective Date, the effect of which would make the implementation of the Acquisition illegal or unenforceable.
- 6.4.3 If the Implementation Agreement terminates in certain circumstances, being principally where Atlantic Leaf has failed to comply with its material obligations under the Implementation Agreement as referred to above or where the Atlantic Leaf Board has recommended a competing proposal, Atlantic Leaf has agreed to pay to the Offeror a termination fee of an amount equal to 1% of the value attributable to the Acquisition.

7 CONDITIONS

- 7.1 The Acquisition is subject to the fulfilment (or, if capable of waiver, the waiver) of the following conditions:
- 7.1.1 the Scheme having been approved by a majority in number of those Atlantic Leaf Shareholders who are on the register of members of Atlantic Leaf at the voting record time, present and voting, either in person or by proxy, at the Scheme Meeting and any separate class meeting required by the Court or any adjournment thereof), representing not less than 75% of the voting rights of the Atlantic Leaf Shares voted by such shareholders;
- 7.1.2 the Scheme Meeting and any separate class meeting which may be required by the Court or any adjournment thereof being held on or before the 22nd day after the expected date of the Scheme Meeting as set out in the Circular (or such later date, if any, as Atlantic Leaf and the Offeror may agree and the Court may allow);
- 7.1.3 the hearing at which the Court is requested to make an order sanctioning the Scheme under Article 125(2) of the Jersey Companies Law (the “**Court Hearing**”) (or any adjournment thereof) being held on or before the date immediately preceding the Long Stop Date (or such later date, if any, as Atlantic Leaf and the Offeror may agree and the Court may allow);
- 7.1.4 the Scheme having been sanctioned (with or subject to any modification, addition or condition which Atlantic Leaf and the Offeror may agree and which the Court approves) by the Court at the Court Hearing;
- 7.1.5 the Court Order being delivered to the Jersey Registrar on the business day immediately after the date of the Court Hearing (or such other date as agreed in writing by the Offeror);
- 7.1.6 the approval of the JSE and the SEM to the termination of the listing of all of the Atlantic Leaf Shares from the Main Board of the JSE and the Official List of the SEM respectively, by no later than the date of Court Hearing, such approval to be conditional only on confirmation to the JSE and the SEM that the Scheme has become effective in accordance with its terms; and
- 7.1.7 the Implementation Agreement not having been terminated in accordance with its terms at any time before the Court Hearing.

8 DELISTING ON THE JSE AND SEM

- 8.1 After the Effective Date applications will be made to the JSE and the SEM to terminate the listing of the Atlantic Leaf Shares on the Main Board of the JSE and the Official List of the SEM, respectively.
- 8.2 Subject to the Scheme becoming effective, it is expected that the listing of the Atlantic Leaf Shares on the Main Board of the JSE and the Official List of the SEM will be terminated at the commencement of trading on the JSE and the SEM, respectively, on the business day immediately after the Completion Date.
- 8.3 The last day to trade in the Atlantic Leaf Shares on the Main Board of the JSE and the Official List of the SEM is expected to be 18 August 2020, being 10 business days after the Effective Date and no transfers of Atlantic Leaf Shares shall be registered after 4.00 p.m. (UK time) (5.00 p.m. South African time / 7.00 p.m. Mauritian time) on that date.

9 IRREVOCABLE UNDERTAKINGS

- 9.1 As at the date of this announcement, the Offeror has received irrevocable undertakings from each Executive Director and each non-executive director of Atlantic Leaf who holds an interest in Atlantic Leaf Shares (being Laurence Rapp, Nicholas Winearls and Peter Bacon), (together, the “**Atlantic Leaf Directors**”), to vote (or to procure the voting) in favour of the

Scheme at the Scheme Meeting in respect of his or her own beneficial holding of Atlantic Leaf Shares or other shares under the control of the respective director and certain other undertakings as referred to below, being an aggregate of 676,139 Atlantic Leaf Shares representing approximately 0.36% of the issued ordinary share capital of Atlantic Leaf on the day prior to the date of this announcement (the “**Last Practicable Date**”).

- 9.2 The Executive Director and non-executive director irrevocable undertakings referred to in paragraph 9.1 above (the “**Atlantic Leaf Director Undertakings**”) are not subject to any outstanding conditions and are of immediate effect. The Atlantic Leaf Director Undertakings include specific obligations and restrictions on the each of the directors with respect to the Atlantic Leaf Shares subject to such undertakings and also include certain non-solicitation provisions on each of these directors. The undertakings given by the non-executive directors shall lapse in the event that the Independent Board (as defined in paragraph 11.1 below) fails to recommend the Offer to shareholders (upon receipt of and having regard to the final opinion of the independent expert on the Offer. It is the intention of each of the Atlantic Leaf Directors who has provided the irrevocable undertakings to agree shortly after the publication of this announcement and after having complied with any regulatory requirements, to the extension of their respective Atlantic Leaf Director Undertakings (under the terms contained therein) to the Acquisition should it be implemented by way of an Offer.
- 9.3 As at and from publication of this announcement, each of Apollo or the Offeror (as the case may be) has received irrevocable undertakings from:
- 9.3.1 Vukile Property Fund Limited, a shareholder of Atlantic Leaf, to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 65,958,606 Atlantic Leaf Shares representing approximately 34.90% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date;
- 9.3.2 Laurence Rapp to vote (or procure voting) in favour of the Scheme at the Scheme Meeting in respect of 133,900 Atlantic Leaf Shares representing approximately 0.07% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date
- 9.3.3 Nicholas Winearls to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 32,059 Atlantic Leaf Shares representing approximately 0.02% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date,
- 9.3.4 Peter Bacon to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 190,228 Atlantic Leaf Shares representing approximately 0.10% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date
- 9.3.5 certain members of the management team of Atlantic Leaf and their connected persons (being Shaun Fourie) to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 285,328 Atlantic Leaf Shares representing approximately 0.15% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date;
- 9.3.6 Paul Leaf-Wright to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 297,502 Atlantic Leaf Shares in aggregate representing approximately 0.16% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date;
- 9.3.7 LCIP (Pty) Ltd to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 5,662,266 Atlantic Leaf Shares representing approximately 3.00% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date; and
- 9.3.8 Mark Pryce to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting in respect of 22,450 Atlantic Leaf Shares in aggregate representing approximately 0.01% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date.
- 9.4 In addition, each of LCIP (Pty) Ltd and Shaun Fourie have agreed under the terms of their irrevocable undertakings to specific obligations and restrictions with respect to the Atlantic

Leaf Shares which are subject to such undertakings and to certain non-solicitation provisions. APIL is also expected to enter into a similar undertaking in relation to its shareholding in the Company.

- 9.5 If and to the extent that any of the Executive Directors, management and management related shareholders are instructed by the Offeror not to vote at the Scheme Meeting, they have undertaken (i) not to exercise or procure the exercise of the voting rights attaching to their Atlantic Leaf Shares on the resolution to approve the Scheme but (ii) nonetheless to be bound by the terms of the Scheme and further in accordance with the terms of the Scheme they will be treated as a Scheme Shareholder and each of them will be subject to and be bound by the Scheme on and from the Effective Date.
- 9.6 The Existing Management Team have undertaken to use their reasonable endeavours to procure that APIL enters into an irrevocable undertaking in respect of the 9,448,825 Atlantic Leaf Shares it holds, representing approximately 5.00% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date to vote (or procure the voting) in favour of the Scheme or, if instructed by the Offeror not to vote at the Scheme Meeting but nonetheless to undertake to be bound by the terms of the Scheme on and from the Effective Date
- 9.7 Accordingly, Atlantic Leaf Shareholders holding in aggregate 72,582,339 Atlantic Leaf Shares representing approximately 38.41% of the issued ordinary share capital of Atlantic Leaf on the Last Practicable Date have furnished irrevocable undertakings to vote (or procure the voting) in favour of the Scheme at the Scheme Meeting (or, in the event that the Acquisition is implemented by way of an Offer, to accept or procure acceptance of the Offer) and/or otherwise support implementation of the Acquisition as provided for in the terms contained therein.

10 BENEFICIAL INTEREST

The Offeror has no beneficial interest, or options to purchase beneficial interests, in Atlantic Leaf that are held or controlled, directly or indirectly by the Offeror or any parties acting in concert with the Offeror.

11 INDEPENDENT DIRECTORS, INDEPENDENT EXPERT REPORT AND RECOMMENDATION

- 11.1 The Atlantic Leaf Board has designated its independent members, comprising Peter Bacon, Nicholas Winearls, Cleopatra Folkes, Rudolf Pretorius and Charles Butler (collectively the “**Independent Board**” and each an “**Independent Director**”), to consider the Acquisition and the Scheme Consideration and to make all decisions relevant to the Acquisition.
- 11.2 The Independent Board has appointed Questco Corporate Advisory Proprietary Limited as the independent expert (“**Independent Expert**”) for purposes of preparing an opinion in respect of the fairness and reasonableness of the Acquisition and the Scheme Consideration in accordance with Schedule 5 to the JSE Listings Requirements (“**Independent Expert Report**”).
- 11.3 A preliminary Independent Expert Report (“**Preliminary Independent Expert Report**”) has been prepared by the Independent Expert and has been made available to the Independent Board. The Independent Expert has informed the Independent Board that it does not currently expect the final Independent Expert Report to be provided in due course to differ from the Preliminary Independent Expert Report in any material respect.
- 11.4 Accordingly, having considered the terms of the Acquisition and having regard to, amongst other considerations, the findings of the Independent Expert as contained in the Preliminary Independent Expert Report, the preliminary unanimous recommendation of the Independent Directors is that Atlantic Leaf Shareholders vote in favour of the Scheme Resolution at the Scheme Meeting, as the Atlantic Leaf Directors have irrevocably undertaken to do in respect of their own beneficial holdings of, in aggregate, 676,139 Atlantic Leaf Shares, representing

approximately 0.36% of the issued ordinary share capital of Atlantic Leaf as at the date of this announcement.

- 11.5 The Independent Expert Report and the Independent Directors' final recommendation to Atlantic Leaf Shareholders will be contained in the Circular.

12 CIRCULAR AND SALIENT DATES AND TIME

- 12.1 Atlantic Leaf will issue a circular to Atlantic Leaf Shareholders, as contemplated under Article 125 of Jersey Companies Law, in due course setting out the full terms and conditions of the Acquisition and including, *inter alia*, an explanatory statement prepared by Java Capital Proprietary Limited, a letter from the Chairman of Atlantic Leaf (including the recommendation from the Independent Directors to Atlantic Leaf Shareholders) and the notice convening the Scheme Meeting.
- 12.2 Atlantic Leaf Shareholders are advised to refer to the Circular for the full terms and conditions of the Acquisition.
- 12.3 Further details relating to the Acquisition and the Scheme and the related salient dates and times will be published on SENS and the SEM Website in due course.
- 12.4 Whilst the timetable of the Acquisition is contingent on various factors, including the dates of hearings in the Court and the dates that all required regulatory approvals are secured, the current timetable contemplates the convening of the Scheme Meeting on or about 14 July 2020 and completion of the Acquisition and payment of the Scheme Consideration on or about 17 August 2020.

13 THE ATLANTIC LEAF DIRECTORS AND THE INDEPENDENT DIRECTORS' RESPONSIBILITY STATEMENTS

- 13.1 The Atlantic Leaf Directors accept responsibility for the information contained in this announcement (other than the information relating to the Offeror, Apollo and the Apollo Funds and the preliminary recommendation of the Independent Directors). To the best of the knowledge and belief of the Atlantic Leaf Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and nothing has been omitted which is likely to affect the import of such information.
- 13.2 The Independent Directors accept responsibility for the preliminary recommendation of the Independent Directors contained in this announcement. To the best of the knowledge and belief of the Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and nothing has been omitted which is likely to affect the import of such information.

14 OFFEROR GP DIRECTORS RESPONSIBILITY STATEMENT

The Offeror GP Directors accept responsibility for the information contained in this announcement to the extent that it relates to the Offeror, Apollo or the Apollo Funds. To the best of the knowledge and belief of the Offeror GP Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they are responsible is in accordance with the facts and nothing has been omitted which is likely to affect the import of such information.

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The distribution of this announcement in certain jurisdictions may be restricted by applicable law and therefore persons in such jurisdictions into which this announcement is released, published or distributed should inform themselves about and observe such restrictions.

This announcement does not constitute a prospectus or a prospectus equivalent document, including for the purposes of the Companies (General Provisions) (Jersey) Order 2002.

Important Notices

The statements contained herein are made as at the date of this announcement, unless some other time is specified in relation to them, and issue of this announcement shall not give rise to any implication that there has been no change in the facts set forth herein since such date. None of Atlantic Leaf, the Atlantic Leaf Directors, the Offeror, the Offeror GP Directors or any person acting on its or their behalf accepts any responsibility or obligation to update, review or revise the information in this announcement or to publish or distribute any information which comes to its attention after the date of this announcement and the distribution of this announcement shall not constitute a representation by Atlantic Leaf, the Atlantic Leaf Directors, the Offeror, the Offeror GP Directors or any person acting on its or their behalf that this announcement will be updated, reviewed, revised or that any such information will be published or distributed after the date hereof.

Nothing contained in this announcement shall be deemed to be a profit forecast, projection or estimate of the future financial performance of Atlantic Leaf. No statement in this announcement should be interpreted to mean that future earnings of any Atlantic Leaf Share for current and future financial periods will necessarily match or exceed the historical or published earnings of any Atlantic Leaf Share. The Apollo Funds (including the Offeror) may purchase Atlantic Leaf Shares otherwise than pursuant to the terms of the Acquisition, such as in the open market or through privately negotiated purchases. Such purchases may be made either directly or through a broker and must comply with the applicable laws and regulations of Jersey, Mauritius and South Africa. Information about any such purchases will be made available on SENS and the SEM Website as required by applicable law and regulation.

No person has been authorised to make representations on behalf of Atlantic Leaf or the Offeror concerning the Acquisition which are inconsistent with the statements contained in this announcement and any such representation, if made, may not be relied upon as having been so authorised.

Java Capital Proprietary Limited is acting exclusively for Atlantic Leaf and no one else in connection with the Acquisition and will not be responsible to anyone other than Atlantic Leaf for providing the protections afforded to clients of Java Capital Proprietary Limited nor for providing advice in relation to the Acquisition or the content of, or any matter or arrangement referred to in, this announcement.

Questco Corporate Advisory Proprietary Limited is acting exclusively for Atlantic Leaf and no one else in connection with the Acquisition and will not be responsible to anyone other than Atlantic Leaf for providing the protections afforded to clients of Questco Corporate Advisory Proprietary Limited nor for providing advice in relation to the Acquisition or the content of, or any matter or arrangement referred to in, this announcement.

Lazard & Co., Limited, which is authorised and regulated by the Financial Conduct Authority in the United Kingdom, is acting exclusively for the Offeror and for no one else in connection with the Acquisition and will not be responsible to anyone other than the Offeror for providing the protections afforded to its clients or for providing advice in connection with the Acquisition. Neither Lazard & Co., Limited nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Lazard & Co., Limited in connection with this announcement, any statement contained in this announcement, the Acquisition or otherwise.

The Acquisition shall be made solely by means of the Circular which shall contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition.

This announcement has been prepared for the purposes of complying with Jersey law and, to the extent applicable, the JSE Listings Requirements and the SEM Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of any other jurisdiction, including a Restricted Jurisdiction.

Atlantic Leaf shall prepare the Circular to be distributed to Atlantic Leaf Shareholders. Atlantic Leaf and the Offeror urge Atlantic Leaf Shareholders to read the Circular when it becomes available because it shall contain important information relating to the Acquisition.

Overseas Shareholders

The publication or distribution of this announcement (in whole or in part) in or into any Restricted Jurisdiction may be restricted by law and therefore any persons who are subject to the laws of any Restricted Jurisdiction into whose possession this announcement comes should inform themselves about, and observe, any applicable legal and regulatory requirements and restrictions. Any failure to comply with the applicable requirements or restrictions may constitute a violation of the securities laws of any such jurisdiction.

All Atlantic Leaf Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this announcement (in whole or in part) to a Restricted Jurisdiction should refrain from doing so and seek appropriate professional advice before taking any action. This announcement does not constitute an offer to sell or issue, or a solicitation of an offer or an invitation to buy or subscribe for, any securities in any jurisdiction in which such offer, solicitation or invitation is unlawful and this announcement is not for distribution in, or into, any jurisdiction. Neither the Securities and Exchange Commission of the United States nor any other federal or state securities commission or regulatory authority of the United States has reviewed, approved or disapproved of, or passed an opinion on, the accuracy or adequacy of this announcement or any of the proposals herein. Any representation to the contrary is a criminal offence in the United States.

Forward-looking statements

Certain statements contained herein constitute forward-looking statements. The forward-looking statements contained herein include statements about the expected effects of the Acquisition, the expected timing and scope of the Acquisition and other statements other than in relation to historical facts. Forward-looking statements including, without limitation, statements typically containing words such as "intends", "anticipates" "targets", "estimates", "believes", "should", "plans", "will", "expects" and similar expressions or statements that are not historical facts are intended to identify those expressions or statements as forward-looking statements. The statements are based on the assumptions and assessments by the boards of Atlantic Leaf and the general partner of the Offeror and are naturally subject to uncertainty and changes in circumstances. By their nature, forward-looking statements involve risk and uncertainty and the factors described in the context of such forward-looking statements in this announcement could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction or waiver of the conditions to the Scheme, local and global political and economic conditions, future revenues of Atlantic Leaf being lower than expected, expected cost savings from the Acquisition or other future transactions not being realised fully or in line with expected timeframes, competitive pressures in the industry increasing, foreign exchange rate fluctuations and interest rate fluctuations (including those from any potential credit rating decline) and legal or regulatory developments and changes. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements.