



FIRM INTENTION ANNOUNCEMENT REGARDING:
• AN OFFER BY GMEINER INVESTMENT HOLDING PROPRIETARY LIMITED ("Gmeiner Investment Holding" or "the Offeror") TO ACQUIRE ALL THE ORION SHARES NOT ALREADY HELD BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT; AND
• THE PROPOSED DELISTING OF ORION;
AND POSTING OF CIRCULAR AND NOTICE OF SCHEME MEETING

1. INTRODUCTION

1.1 The board of directors of Orion ("Board") advises shareholders that the Company has received an offer from Gmeiner Investment Holding to acquire all of the ordinary shares in the Company not already owned by it. The offer ("Offer") will be implemented by way of a scheme of arrangement ("Scheme") in terms of section 114(1)(c) of the Companies Act, No. 71 of 2008, as amended ("Companies Act"), to be proposed by the Independent Board (as defined in paragraph 4.1 below) between Orion and its shareholders, and will be followed by the delisting of the Company from the Main Board of the JSE Limited ("JSE") in terms of paragraph 1.17(b) of the JSE Listings Requirements ("Delisting").

1.2 The contents of this announcement constitute a firm intention by the Offeror to make the Offer as contemplated in Chapter 5 of the Companies Act and Chapter 5 of the Companies Regulations, 2011, promulgated under the Companies Act (which includes the Takeover Regulations issued pursuant to sections 120 and 223 of the Companies Act).

2. THE SCHEME

2.1 Salient terms of the Scheme

2.1.1 The consideration payable by the Offeror to eligible shareholders (being all Orion shareholders, excluding Gmeiner Investment Holding) ("Eligible Shareholders"), if the Scheme becomes operative, is 2 (two) cents per share ("Scheme Consideration"), payable in cash on the date on which the Scheme becomes operative.

2.1.2 The Offeror is acting as principal and not as agent in respect of the Scheme and it is not acting in concert with any parties for purposes of the implementation of the Scheme.

2.2 Rationale for the Scheme

2.2.1 Orion has experienced a number of difficulties during the past year, including a substantial delay in the finalisation of its 2018 results, the appointment of a new Financial Director and new auditors mid-audit, external delays in the transfer of properties that would increase the shareholder spread of the Company, the recall of its facilities, an application for the liquidation of the Company brought by Investec (as first announced on SENS on 18 December 2018), and then later had to take a number of actions to address these key issues.

2.2.2 During February 2019, despite signed agreements being in place to address the shareholder spread requirements of the JSE, the JSE advised the Company that it would no longer afford Orion REIT status. This was also based on the fact that the Company could not submit its Annual Compliance Declaration to the JSE within 4 months of year end due to the delays in finalising the audit. The JSE Listings Requirements preclude the reissue of REIT status by the JSE for a period of 24 months.

2.2.3 All of the aforementioned matters are clearly set out in the Company's Annual Report for the year ended 30 June 2018, other than the shareholder spread requirement which was in the process of being addressed. Despite the challenges, Orion produced solid results for the year ended 30 June 2018 and declared a distribution of 2.5 cents subsequent to its year end.

2.2.4 Orion's status as a REIT is of paramount importance to the Company and its minority shareholders in particular. One of the main impacts is the tax status of the Group, whereby the Company will be liable for Capital Gains Tax on any future property disposals. This will reduce the profits of the Group and remove the dividend distribution to Shareholders for the foreseeable future. The impact of the loss of REIT status is reflected in the reviewed results for the 12-month interim period ended 30 June 2019 as published on SENS on 1 October 2019.

2.2.5 The Board is of the opinion that, without REIT status, the cost-benefit of a listing of the Shares on the JSE is no longer warranted.

2.2.6 Accordingly, the rationale of the Scheme is to effect the Delisting.

2.2.7 The Board may consider a listing of the Shares on another licensed stock exchange in due course in pursuit of Orion reacquiring its REIT status.

2.3 Mechanics of the Scheme

2.3.1 The Scheme constitutes an "affected transaction" as defined in section 117(1)(c) of the Companies Act and accordingly will be regulated by the Companies Act, the Companies Act Regulations and the Takeover Regulation Panel ("TRP").

2.3.2 The Offer will be effected by way of a scheme of arrangement in terms of section 114(1)(c) of the Companies Act, proposed by the Independent Board, as defined in paragraph 4.1 below, between the Company and its shareholders in terms of which, if implemented, the Company will acquire all the shares held by its shareholders (except the Controlling Shareholder) for the Scheme Consideration.

2.3.3 The Scheme is subject to the fulfilment or waiver (as the case may be) of the conditions set out in paragraph 2.4 below.

2.3.4 In the event that the Scheme becomes operative, the listing of Orion's shares on the Main Board of the JSE will be terminated and Eligible Shareholders will be deemed to have sold all of their Orion shares for the Scheme Consideration.

2.4 Conditions to the Scheme

2.4.1 The implementation of the Scheme is subject to the fulfilment or waiver, as the case may be, of the following conditions precedent by no later than 14 November 2019, or such later date as may be determined by the Company:

- 2.4.1.1 the Independent Board unanimously recommending to Orion shareholders, without qualification, that they vote in favour of the Scheme;
- 2.4.1.2 the Independent Expert, as defined in paragraph 4.2 below, having issued its report in terms of section 114(3) of the Companies Act (read with the Companies Act Regulations) regarding the fairness and reasonableness of the terms and conditions of the Scheme and the Offer, and such opinion not being withdrawn or adversely amended;
- 2.4.1.3 all regulatory approvals and/or consents to give effect to the Scheme have been obtained (either unconditionally or subject to conditions acceptable to the Company), including, without limitation, the JSE, the TRP, and the Financial Surveillance Department of the South African Reserve Bank (in each case to the extent necessary);
- 2.4.1.4 approval of the Scheme by the requisite majority of eligible Orion shareholders, as contemplated in section 114, read with section 115, of the Companies Act ("Scheme Resolution");
- 2.4.1.5 the Scheme Resolution has been passed and, to the extent required in terms of section 115(3)(a) of the Companies Act, the implementation of the Scheme Resolution is approved by the Court and, if applicable, the Company has not elected to treat the Scheme Resolution as a nullity in terms of section 115(5) of the Companies Act;
- 2.4.1.6 the Scheme Resolution has been passed and any person who voted against the Scheme Resolution applies to the Court within 10 (ten) business days after the vote for a review of the Scheme in accordance with the requirements of section 115(3)(b) of the Companies Act, (i) no leave is granted by the Court to such person to apply to court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act or (ii) if leave is granted by the Court to apply to court for a review of the Scheme in accordance with the requirements of section 115(6) of the Companies Act, the Court has not set aside the Scheme Resolution in terms of section 115(7) of the Companies Act; and
- 2.4.1.7 the TRP has issued a compliance certificate in respect of the Scheme in terms of section 119(4)(b) of the Companies Act.

2.4.2 The proposal of the Scheme Resolution is in anticipation of the Delisting which will follow immediately after the Scheme becomes unconditional, as detailed in paragraph 2.5 below.

2.4.3 The conditions precedent stipulated in paragraphs 2.5.1.3 to 2.5.1.7 are regulatory in nature and may not be waived.

2.4.4 An announcement will be published on SENS and in the press as soon as practicable after all the conditions to the Scheme have been fulfilled or waived, as the case may be.

2.5 Termination of Orion's listing

Following the implementation of the Scheme and the Scheme becoming unconditional, the listing of Orion's shares on the Main Board of the JSE will be terminated in terms of section 1.17(b) of the JSE Listings Requirements with effect from the operative date of the Scheme.

3. CONFIRMATION OF FINANCIAL RESOURCES

In accordance with Regulation 111(4) and Regulation 111(5) of the Companies Act Regulations, Gmeiner Investment Holding has delivered to the TRP an unconditional cash confirmation issued by Oosthuizen's (Jhb) Attorneys that Gmeiner Investment Holding has sufficient cash resources specifically allocated to secure the settlement of the Scheme Consideration, which is limited to R877 755.

4. INDEPENDENT BOARD, INDEPENDENT EXPERT REPORT AND RECOMMENDATION

4.1 The Board has established an independent board ("Independent Board"), comprising Messrs RS Wilkinson, AJ Ritzmayr, MD Mthembu and TFJ Oosthuizen to consider the terms and conditions of the Scheme and the Offer.

4.2 The Independent Board has, in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Act Regulations, appointed Neema Capital Proprietary Limited as the independent expert ("Independent Expert") acceptable to the TRP to provide it with independent advice in regard to the fairness and reasonableness of the terms and conditions of the Scheme and the Offer, and to make appropriate recommendations to the Independent Board, for the benefit of Orion shareholders.

4.3 The Independent Expert has issued a report in terms of section 114(3) of the Companies Act on the Scheme Consideration, and the fairness and reasonableness thereof in which it opines that the terms and conditions of the Offer and the Scheme Consideration are unfair and unreasonable to Orion shareholders.

4.4 The Independent Board has considered the report of the Independent Expert and the members of the Independent Board are unanimously of the opinion that the terms and conditions of the Scheme and the Offer are unfair to Orion Shareholders. However, on the basis of the rationale for the Scheme, as described in paragraph 2.2 above, and the terms of the Scheme, as described in paragraph 4.2 of the circular referred to in paragraph 6 below, the Independent Board are unanimously of the opinion that the terms and conditions of the Scheme and the Offer are reasonable to Orion Shareholders and accordingly supports and recommends that the Shareholders vote in favour of the resolutions to be proposed at the Scheme Meeting to approve the Scheme.

4.5 The contents of the Independent Expert's advice and the final view and recommendation of the Independent Board will be detailed in the circular referred to in paragraph 6 below.

4.6 The Independent Board confirms that no other offers were received by Orion in the period of six months prior to the date of this announcement.

5. INTENTIONS REGARDING THE CONTINUATION OF THE BUSINESS AND THE BOARD

It is the intention of the Company that, pursuant to the implementation of the Scheme:

- 5.1 Orion and its subsidiaries shall continue with their businesses as currently conducted;
- 5.2 the directors of Orion shall continue in office; and
- 5.3 the remuneration of the directors of Orion will not be affected by the Scheme.

6. POSTING OF THE CIRCULAR

Shareholders are advised that the circular setting out the terms and conditions of the Scheme and the Delisting ("the Circular") and incorporating, *inter alia*, a notice convening a meeting of Orion Shareholders ("Scheme Meeting") will be posted to Orion Shareholders on Wednesday, 16 October 2019. The Circular will also be available on Orion's website at <https://www.oriongroup.co.za/orion-real-estate/> from 16 October 2019. Copies of the Circular may be obtained during normal business hours from the registered office of Orion at the address provided in paragraph 7 below, from 16 October 2019 until the date of the Scheme Meeting. Shareholders are advised to review the Circular for detailed information regarding the Scheme and other related matters. 2019

7. NOTICE CONVENING THE SCHEME MEETING

Notice is hereby given that the Scheme Meeting will be held at 10:00 on Wednesday, 13 November 2019 at Orion's registered office, 3rd Floor, 26 Wellington Road, Parktown, Johannesburg for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions set out in the notice convening the Scheme Meeting.

8. IMPORTANT DATES AND TIMES

Shareholders are referred to the table below setting out the important dates and times in relation to the Scheme. The definitions and interpretations commencing on page 5 of the Circular shall apply *mutatis mutandis* to this table.

Record date for Shareholders to be recorded in the Register in order to receive the Circular	Friday, 4 October
Circular distributed to Shareholders and Notice of Scheme Meeting released on SENS	Wednesday, 16 October
Notice of Scheme Meeting published in the press	Thursday, 17 October
Last day to trade in Orion Shares in order to be recorded in the Register to vote at the Scheme Meeting	Tuesday, 5 November
Record date to be eligible to vote at the Scheme Meeting, being the Scheme Voting Record Date, by close of trade	Friday, 8 November
Proxy forms to be lodged at, posted, or emailed to the Transfer Secretary by 10:00 on	Monday, 11 November
Last date and time for Shareholders to give notice to Orion objecting, in terms of section 164(3) of the Companies Act, to the Scheme Resolution for purposes of the Appraisal Rights by 10:00	Wednesday, 13 November
Proxy forms not lodged with Transfer Secretary to be handed to the Chairman of the Scheme Meeting before 10:00 on	Wednesday, 13 November
Scheme Meeting to be held at 10:00 on	Wednesday, 13 November
Results of Scheme Meeting released on SENS	Wednesday, 13 November
Results of the Scheme Meeting published in the press	Thursday, 14 November

The following dates assume that the Scheme is approved by Scheme Members at the Scheme Meeting, and that neither Court approvals nor the review of the Scheme is required and will be confirmed in the finalisation announcement if the Scheme becomes unconditional:

Receive compliance certificate from the TRP	Thursday, 14 November
Scheme Finalisation Date announcement expected to be released on SENS	Friday, 15 November
Scheme Finalisation Date announcement expected to be published in the press	Monday, 18 November
Last day to trade in Orion Shares to be entitled to receive the Scheme Consideration	Tuesday, 26 November
Scheme Consideration Record Date, being the date on, and time at, which all persons must be recorded in the Register in order to receive the Scheme Consideration, at 17:00 on	Friday, 29 November
Expected Scheme Implementation Date	Monday, 2 December
Scheme Consideration will be sent by EFT or by cheque to Certificated Shareholders who have lodged their Form of Surrender and Transfer with the Transfer Secretary on or prior to 12:00 on the Scheme Consideration Record Date, on or about	Monday, 2 December
Scheme Participants expected to have their accounts with their CSDP or Broker credited with the Scheme Consideration on or about	Monday, 2 December
Expected termination of listing of Shares on the JSE at the commencement of trade on or about	Tuesday, 3 December

The following dates apply in the event of any Orion Shareholders objecting to the Scheme:

2019

Last date for Orion Shareholders who voted against the Scheme Resolution to require Orion to seek Court approval for the Scheme in terms of section 115(3)(a) of the Companies Act, if at least 15% of the total votes of Orion Shareholders at the Scheme Meeting were exercised against the Scheme Resolution	Wednesday, 20 November
Last date for Shareholders who voted against the Scheme to apply to Court for leave to apply for a review of the Scheme in terms of section 164(3) (b)	Wednesday, 27 November
Last date for Orion to send objecting Shareholders notices of the adoption of the Scheme Resolution, in accordance with section 164 of the Companies Act	Wednesday, 27 November

Notes:

1. A Scheme Participant may, for a period of 6 (six) months from the date of the Delisting, purchase his/her Shares back from the Offeror at the price at which such shares were acquired by the Offeror in terms of the Scheme, without interest.
2. All dates and times are subject to change and/or may be subject to certain regulatory approvals, including but not limited to that of the TRP and/or the JSE, being granted. Any change will be released on SENS and published in the press.
3. Trade in the Company's securities has been suspended since 1 November 2018.
4. Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 7 to the Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
5. Dematerialised Shareholders, other than those with "own name" registration, must provide their CSDP or Broker with their instructions for voting at the Scheme Meeting by the cut-off time and date stipulated by their CSDP or Broker in terms of their respective custody agreements.
6. No dematerialisation or rematerialisation of Shares may take place from the Business Day following the Scheme Consideration LDT.
7. If the Scheme Meeting is adjourned or postponed, forms of proxy submitted for the initial Scheme Meeting will remain valid in respect of any adjournment or postponement of the Scheme Meeting.
8. Although the salient dates and times stated are subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Companies Act Regulations, where applicable, and any such consents or dispensations must be specifically applied for and granted.
9. All times referred to above are references to South African time.

9. RESPONSIBILITY STATEMENT

The Board and the Independent Board each accepts responsibility for the information contained in this announcement to the extent that it relates to Company. To the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

Johannesburg
14 October 2019

Sponsor
Arbor Capital Sponsors Proprietary Limited



Independent Expert

