SAFARI
INVESTMENTS RSA LTD

ANNUAL REPORT 2015

FOR THE YEAR ENDED 31 MARCH

SAFARI
INVESTMENTS RSA LTD

www.safari-investments.com

The Victorian

About this report

This is the second annual report of Safari Investments RSA Limited and its subsidiary (the group or Safari or the company) to stakeholders for the period from 1 April 2014 to 31 March 2015. In order to provide the reader with a concise overview of the business, business model and strategy, it includes all of the group's operations, performance reviews over the year and future prospects.

The report provides information on the group and highlights the group's corporate governance principles, growth strategy, financial performance and the social, environmental and economic sphere in which the group operates. The group has continued to build on its commitment to provide stakeholders with information to maintain their trust and confidence in Safari.

The content is intended to enhance your understanding and appraisal of the company and its prospects. Any feedback to improve reporting in future will be appreciated. Comments can be sent to info@safari-investments.com.

Framework applied

The framework is in accordance with best practice and applies the principles of the following:

- King Report on Governance for South Africa 2009 (King III);
- JSE Limited (JSE) Listings Requirements; and
- Companies Act, No 71 of 2008, as amended (Companies Act).

◀ *Group's operations and performance reviews can be found on page 2.*

Annual financial statements can be found from page 41. ▶

◀ *King III recommendation can be found on page 20.*

The financial information provided in the annual financial statements commencing on page 41 has been prepared in accordance with International Financial Reporting Standards (IFRS), SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act. Detailed statements on how Safari applied the principles contained in King III can be viewed on our website www.safari-investments.com.

Report published: 24 June 2015

Assurance and board responsibility statement

Safari continues to develop and apply a combined assurance model, providing management and the board with confidence regarding the information disclosed. The financial statements were audited by Mazars and the audit committee and the board of the company has approved this report.

The board of directors acknowledges its responsibility to ensure the integrity of this annual report for the 2015 financial year. The board has accordingly applied its judgement and in its opinion this annual report addresses all material matters, and offers a holistic view of the performance of Safari and its impacts.

Contents

Business summary/performance overview 2
- Business model and strategy 2
- Safari Investments at a glance 3
- Chairman and chief executive executive's report 6
- Property portfolio 8

Governance 14
- Board of directors 16
- Directors' information 18
- Board charter and committees 20
- Contracted parties 28
- REIT legislation, REIT taxation status and corporate governance 29

New investment portfolio review 30
- Report of new investments by the executive committee 32

Sustainability review 34
- Report of the social and ethics committee 36
- Environment, health and safety 37
- Social responsibility 38

Key stakeholders 39

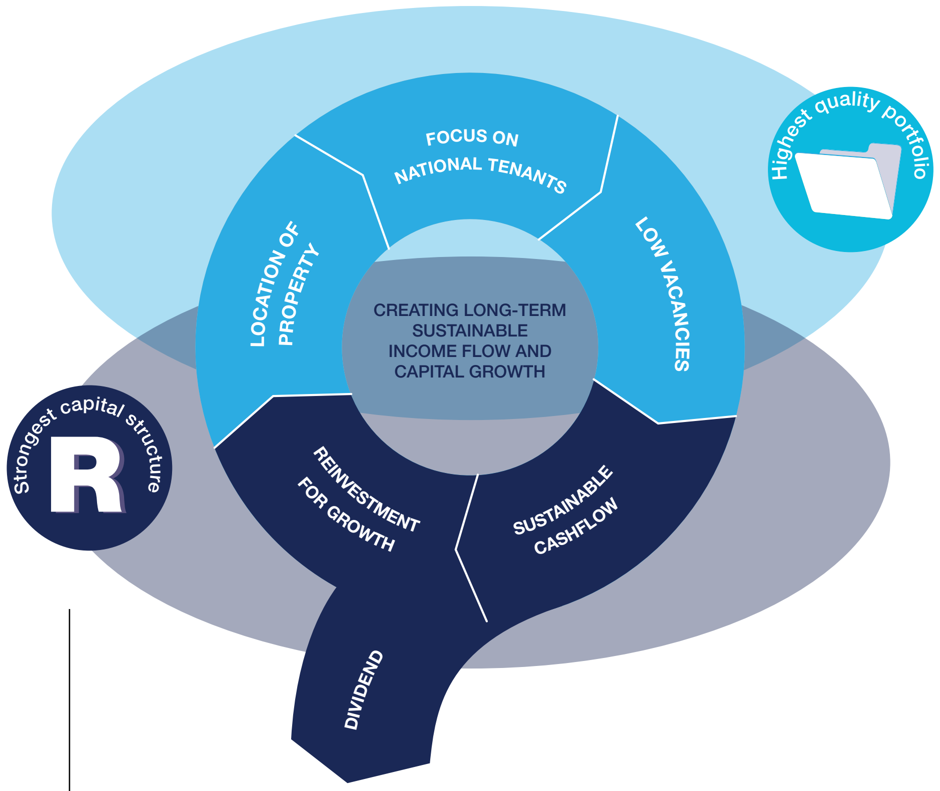
Annual financial statements 40

Shareholders' information 86
- Analysis of ordinary shareholders 86

Corporate information 88

Business model and strategy

Safari selects prospective investment properties based on their location and their potential for attracting reputable national retailers as tenants. The objective is to maintain a high-integrity income stream, while at the same time uplifting and benefiting the surrounding communities, by providing a desirable and high-end shopping experience closer to home.



Safari works closely with the local communities from the initial stages of every development, planning to provide employment and support the creation of business opportunities for the surrounding communities in order to gain the maximum economic benefit from our developments.

During the 2016 financial year, we will continue to deliver the clear and consistent strategy that has underpinned Safari's strong performance in recent years, by negotiating above-average rental escalations and successfully completing new additions within approved budgets. The use of technology, together with the professional and efficient management of the centres, minimises operating expenses, and these factors enable Safari to successfully grow the cashflow generated.

Income is derived from rental income generated from retailers; it escalates annually in accordance with the provisions of each tenant's lease agreement. Trading at our centres is secured with the provision of a generator at all centres, capable of generating 10,5MVA during power failures. The board has also approved the installation of solar power generation, which will generate a total of 1MVA dedicated to the centres.

The company continues to improve the quality of its portfolio through selective redevelopment and upgrades of the existing properties. Safari's new projects are being financed by a mixture of debt and new equity. During the listing process Safari settled all the debt at that stage, and the existing facility was increased to R700 million, at a cost of prime interest rate less 1,5% (one and a half percent). Safari manages the debt portion of the company's financing strategy by utilising its existing bank facility. The new equity portion is introduced by a dividend paid to the shareholders with the election to reinvest the dividend proceeds (scrip dividend) back into the company for more shares. The dividends are paid to shareholders bi-annually from the operational profit generated during June and December. Safari intends to implement rights offer issues or private placements from time to time in order to keep its gearing at a comfortable level of 30% or below. The strong financial position and low gearing level enable Safari to take advantage of new investment opportunities as they arise.

The strategic objective is to maximise return on investments and to provide the shareholders with an above-average capital growth and sustainable returns

As Safari is not immune to the ever-changing and challenging market conditions, the company also explores opportunities for investments in other sectors and countries. Safari is currently a retail specialist based in South Africa. The Platz am Meer Waterfront in Swakopmund, Namibia, is the first retail investment outside the country. Investment opportunities in Europe will also be explored. The company has recently taken a decision to invest in day-hospitals and filling stations. These sectors have strong national tenants with a low maintenance cost due to a triple net lease.

The strategic objective is to maximise return on investments in order to provide our shareholders with an above-average capital growth and sustainable returns.

Safari Investments at a glance

Safari is a property and investment company listed on the REIT section of the JSE, for purposes of providing cash returns for its investors, growing capital and generating income.

Performance overview

NUMBER OF PROPERTIES
9
(2014: 7)

VACANCY RATE
1%
(2014: Less than 1%)

RETAIL SECTOR
100%
(2014: 100%)

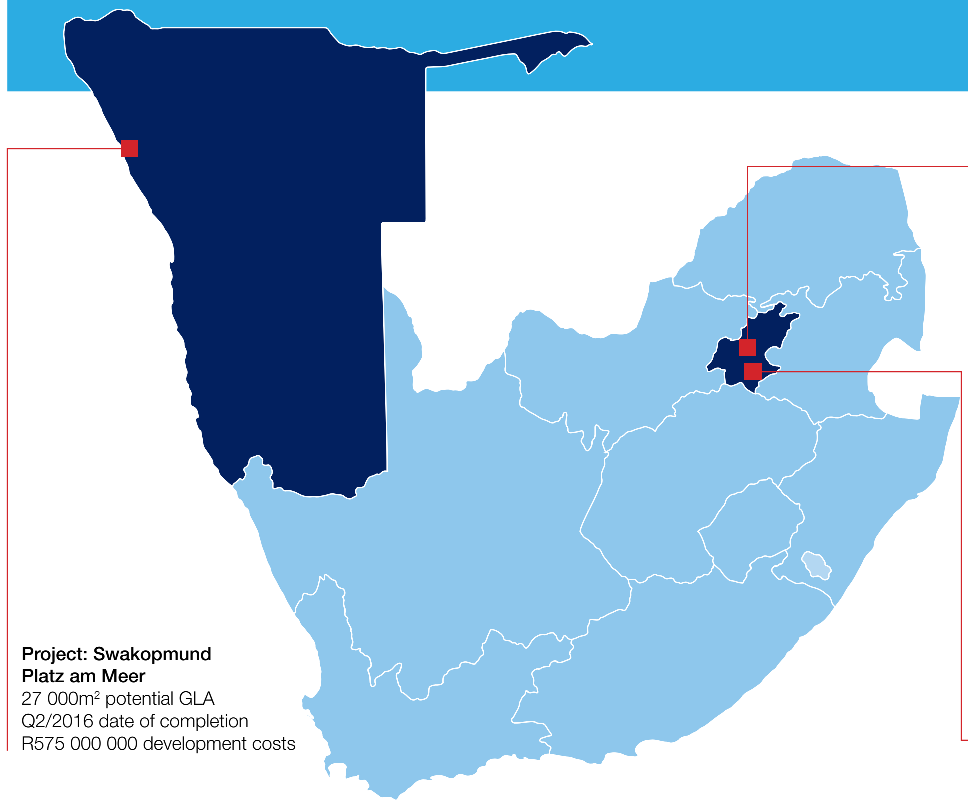
NATIONAL TENANTS
90%
(2014: 90%)

WEIGHTED AVERAGE RENTAL ESCALATION
10%
(2014: 10%)

MONTHLY WEIGHTED AVERAGE RENTAL/m²
R113/m²
(2014: R105/m²)

TOTAL GLA OF CURRENT CENTRES
139 950m²
(2014: 124 925m²)

VALUATION OF PROPERTIES
R1 755 million
(2014: R1 379 million)



Denlyn Shopping Centre
42 200m² GLA
106 shops
R39 300/m² annual trading density

Atteridgeville Church Street
20 500m² GLA
Q2/2017 date of completion
R275 000 000 development costs

Atlyn Shopping Centre
41 200m² GLA
92 shops
R28 000/m² annual trading density

Project: Atteridgeville Maunde Street
10 550m² potential GLA
Q3/2015 date of completion
R126 000 000 development costs

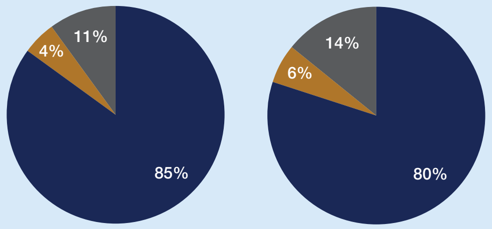
Thabong Shopping Centre
41 150m² GLA
88 shops
R27 900/m² annual trading density

The Victorian Shopping Centre
15 400m² GLA
39 shops
R38 100/m² annual trading density

Safari Investments at a glance continued

Tenant mix – total revenue and gross leasable area

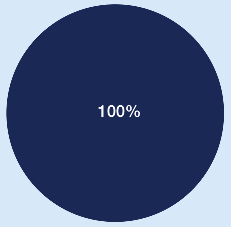
Total tenant mix (m²) Total tenant mix (R)



A = Tenants of national listed companies and other nationals
B = Tenants of national franchises and medium to large professional firms
C = Local trader tenants (small) and other

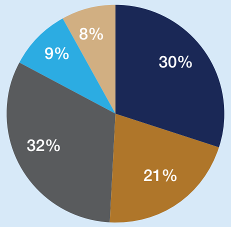
Contracted vs uncontracted rental income

Contracted vs uncontracted rental income



Contracted revenue
Uncontracted revenue

Portfolio breakdown (value)



Mamelodi
Sebokeng
Atteridgeville
Swakopmund
Heidelberg

Income generating retail portfolio

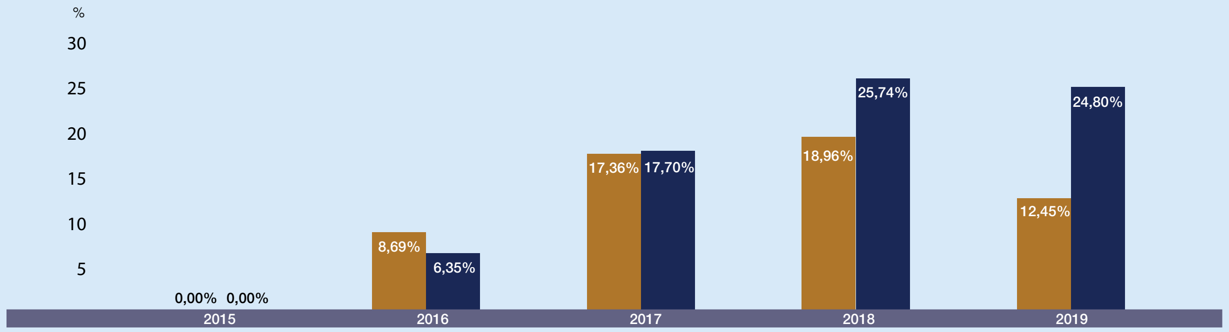
	Denlyn	Atlyn	Thabong	The Victorian
Geographic	Mamelodi, Gauteng	Atteridgeville, Gauteng	Sebokeng, Gauteng	Heidelberg, Gauteng
Trading since	2003	2006	2007	1997
Sector	Retail	Retail	Retail	Retail
Gross leasable area	42 200m²	41 200m²	41 150m²	15 400m²
Gross annual income	R54 391 189	R38 390 897	R32 010 715	R15 752 326
Occupation level	99%	99%	98%	99%
National tenants	91%	92%	87%	95%
Number of shops	106	92	88	39
Annual trading density per m² per annum for 2015	R39 300/m²	R28 000/m²	R27 900/m²	R38 100/m²

(Source: IPD Dec 2014)

Annual national average trading density: R27 100/m² (centres in category of Atlyn, Denlyn and Thabong) and R32 400/m² (centres in category of The Victorian)

The weighted average rental per m² of Safari is R113/m²

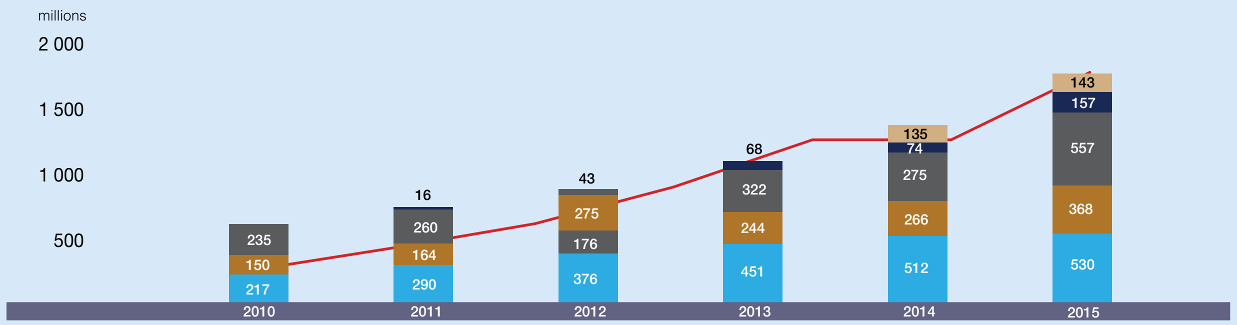
Lease expiry profile of portfolio (%)



GLA expired
Revenue expired

Investment portfolio

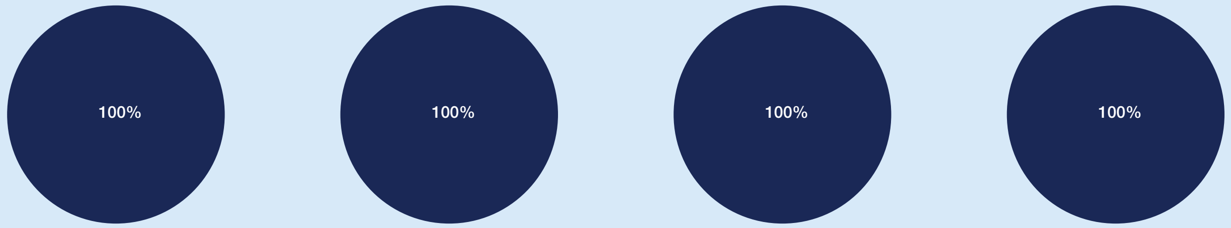
Investment property – R1 755 million



Mamelodi Sebokeng Atteridgeville Swakopmund Heidelberg

	2010 R'000	2011 R'000	2012 R'000	2013 R'000	2014 R'000	2015 R'000
Mamelodi	217 000	289 823	375 500	450 900	511 700	530 400
Sebokeng	150 000	164 100	176 000	243 900	265 700	368 000
Atteridgeville	234 700	260 000	274 900	321 700	373 100	557 000
Swakopmund		16 166	43 000	67 735	74 472	156 900
Heidelberg					135 000	142 500
Portfolio total	601 700	730 089	869 400	1 084 234	1 359 972	1 754 800
Portfolio growth (%)		21	19	25	25	29

Sectorial spread – Revenue (%) | Sectorial spread – GLA (%) | Geographical spread – Revenue (%) | Geographical spread – GLA (%)



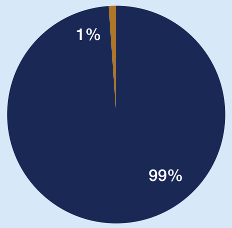
Retail
Other

Total GLA
Vacant

Retail
Other

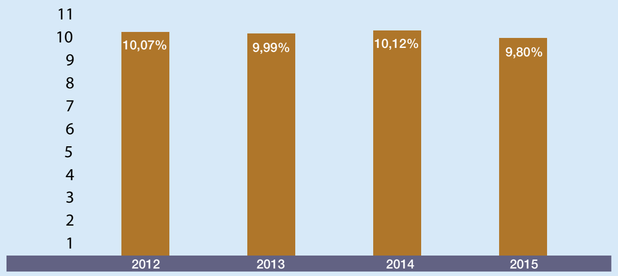
Total GLA
Vacant

Vacancy profile (%)



Total GLA
Vacant

Average escalation (%)



Chairman and chief executive's report

Dr MH Tsolo, Chairman

FJJ Marais, Chief executive officer

In 2015 we continued to reshape the company as we remained focused on expanding, improving and reconditioning our high class regional retail destinations in desirable growth nodes.

Declared profit distribution of
R91,8 million

Portfolio value increased to
R1,75 billion

90%
National tenancy maintained

We have been strategically expanding our locations and the quality of retail offering where we identified the need. Strategically we rely on sound and objective market research to know and understand the evolving industry. The listing enabled us to create a strong financial platform with liquidity to maintain conservative gearing, while access to finance at a favourable interest rate allows us to take advantage of new opportunities as they arise.

At Safari we continuously strive to create a more valuable investment for our shareholders. The 2015 results prove that our retail operations are delivering a secure financial pivot, including a growing revenue, profits in line with budget forecasts, while returning R91 800 000 to investors in the year. We have seen the portfolio grow to R1,75 billion; projects were completed in time and within budget parameters; strategic acquisitions were successfully made; while the new developments at Maunde in Atteridgeville, new phases in Sebokeng, and construction in Swakopmund continued successfully.

We are satisfied with the following highlights for the year:

- The portfolio increased in value from R1,37 billion in 2014, prior to listing, to R1,75 billion today.
- Across the portfolio, 90% national tenancy was maintained with only a 1% vacancy factor in the current year.
- We successfully implemented the option of shares for reinvestment of distributions, with positive results, as it stimulated share price and value and we should continue the trend in future.
- Cost of debt has improved from prime less 1% to prime less 1,5%.

Our growth has been strong and steady, based on a foundation of broad and deep competitive advantage. Entering the next phase on this sound foundation we believe we are well positioned to cover our anticipated pipeline projects by growing by a further 100 000m² and reaching a portfolio level of R4 billion within the next three to four years. Some exciting new property acquisitions are being considered though quality of the portfolio will not be compromised. Subsequent to our financial year end we have decided to acquire the first day hospital, which will be a new area of investment.

Next distribution of
34 cents
in June 2015

Anticipated pipeline projects to increase portfolio to
R4 billion

The next distribution of 34 cents per share is due at the end of June 2015 with the second distribution of 35 cents per share expected in mid-December 2015.

We are grateful for our achievements and to our shareholders for their confidence and support. We trust that they share our excitement about the path ahead. We believe our best days are ahead of us as we take hold of the opportunities to build a brighter tomorrow.

Dr MH Tsolo
Chairman

FJJ Marais
Chief executive officer

Property portfolio

Platz am Meer (illustration)

Safari offers an exceptional long-term, sustainable portfolio, as well as an outstanding opportunity to enter the highly desirable retail property market in high growth areas, including townships.

Safari's primary investment focus is on quality income-producing properties through investments in retail centres that are held directly or indirectly.

Safari has a strong focus on previously disadvantaged communities and under-resourced areas, where it establishes and promotes quality assets that uplift and benefit communities by providing a desirable and high-end shopping experience closer to where they live, thereby significantly reducing commuting time and cost associated with travelling to regional centres. This approach also targets the problem of limited tradability of retail properties in these areas, resulting in significantly improved opportunities for the communities in which its property assets are located.

Considering each of the key properties held by the group, the initial phase of each retail centre has been relatively small, with the potential for expansion. Once the centre has gained traction among customers and the demand for retail space has increased, further phases have been rolled out. This approach has been replicated across the initial three centres in the portfolio, which are now entering their third or fourth development phases. In addition, each phase has generally seen an improvement in the tenant quality, with the extensions primarily driven by demand from the large national retailers. Between 85% and 95% of Safari's GLA is now tenanted by national retailers. In spite of this, Safari also believes that retaining and supporting local businesses and shop owners in servicing the community's specific needs is just as important as attracting the larger national brands.

Another key objective in terms of development of Safari's property portfolio has been to acquire centres within key catchment areas. The strategic positioning of the retail centres, and planned acquisitions, ensures that properties are optimally placed in catchment areas to take full advantage of both current and future growth patterns. Centres are developed in strong regional nodes, a strategy that both attracts top-quality national retailers and reduces the risk of potential competitors entering the market.

The above strategy is evident in that Safari's centres are firstly located in the most favourable location within a township, generally close to major transport routes and municipal service buildings. To achieve this, the group has partnered with local business councils to acquire and develop the most suitable vacant land. Through the phased expansion of the centres, and subsequent attraction of leading national retailers, the centres have grown from neighbourhood centres into destination centres. This is particularly important in the township market, where customers rely on public transport and need a central place where they can purchase all necessities. In line with its long-term outlook, Safari has also purchased a number of tracts of land for future investment that are either envisaged to complement Safari's existing portfolio of properties or have long lead development potential based on anticipated urban developments.

Safari is well aware of the fact that a crucial aspect of a successful retail property is to ensure a balanced and carefully selected tenant mix. A serious emphasis is therefore placed on creating the correct mix of national retailers, speciality stores, and general or local dealers.

Properties are valued annually on the basis of a fair-value by an independent valuer, namely Mills Fitchet (Tvl) CC *(detail is included in the corporate information section)* and the properties are freehold. Currently, all sources of income are from retail.

Property portfolio continued

Denlyn – Mamelodi (cnr Stormvoël Road and Maphalla Road)

Trading since
2003

GLA
42 200m²

Acquisition value
R192 510 404

Investment value
R530 400 000

National tenants
91%

Major tenants
Shoprite

Occupancy levels
99%

Trading density/m²
R39 300/m² p/a*

Number of shops
106

** Based on 79% of turnover figures collected from tenants at the time of this report*

Mamelodi Crossing Shopping Centre (known as Denlyn) is strategically positioned at the entrance to Mamelodi on Maphalla Drive. It is the best-positioned shopping centre in Mamelodi and its surrounding areas and is also the preferred shopping centre in its community. The centre has a gross leasable area of approximately 42 200m². The centre is well located near the Denneboom Station and commuters' hub of Mamelodi.

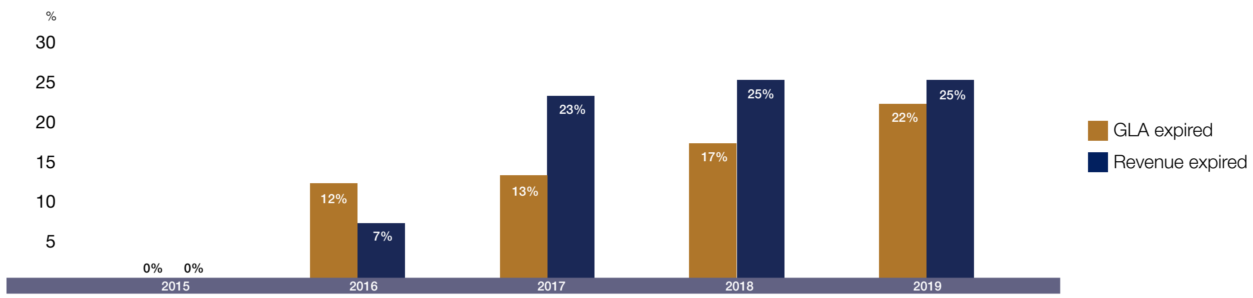
Anchored by a very popular 4 600m² Shoprite, it has an overall balanced tenant mix. The national representation is very high, at 91%. This representation includes all the major banks, the Edcon Group, Mr Price Group, Foschini Group, Tekkie Town, Pepkor, branded furniture stores, Post Office, KFC, Chicken Licken, Watloo Meat & Chicken, Liquor City, Truworths Group, Nike and Clicks.

This development is vastly extending the range and quality of products and services available to the community, with an array of national retailers now entering this previously untapped market. In future, this precinct should operate as the regional urban centre of the greater Mamelodi area.

National tenant list

Absa Bank, Ackermans, African Bank, Baldini Shoes, Barko Financial Services, Beaver Canoe, Betta Bets, Big O Trading, Bradlows, Capitec Bank, Chicken Licken, Clicks, Daniel J, Design of Europe, Dunns, Edgars, Exact!, Express Connect, Fashion Express, Fashion World, Finbond, First National Bank, Foschini, Identity, JetMart, Joshua Doore, KFC, King Pie, Legit, Lewis, Liquor City, Markhams, Mr Price, Mr Price Home, Nedbank, Net1, Nike, OK Furniture, Old Fashioned Fish & Chips, Old Mutual Finance, Pep Cell, Pep Home, Pep Stores, Post Office, Price n Pride, Rage, Real Fish and Chips, Romans Pizza, Russells, Sheet Street, Shoprite, Skipper Bar, Sleepmasters Bedding Shop, Sportscene, Standard Bank, Sterns, Tekkie Town, Torga Optical, Total Sports, Truworths, Vodacom, Watloo Meat & Chicken, Webbers, Zebros

Lease expiry profile – Denlyn



Most tenants have a five-year lease agreement in place, while the anchor tenant and some of the other large national tenants have longer lease terms.

Atlyn – Atteridgeville (cnr Khoza Street and Mankopane Street)

Trading since
2006

GLA
41 200m²

Acquisition value
R222 675 765

Investment value
R395 100 000

National tenants
92%

Major tenants
Shoprite

Occupancy levels
99%

Trading density/m²
R28 000/m² p/a*

Number of shops
92

** Based on 70% of turnover figures collected from tenants at the time of this report*

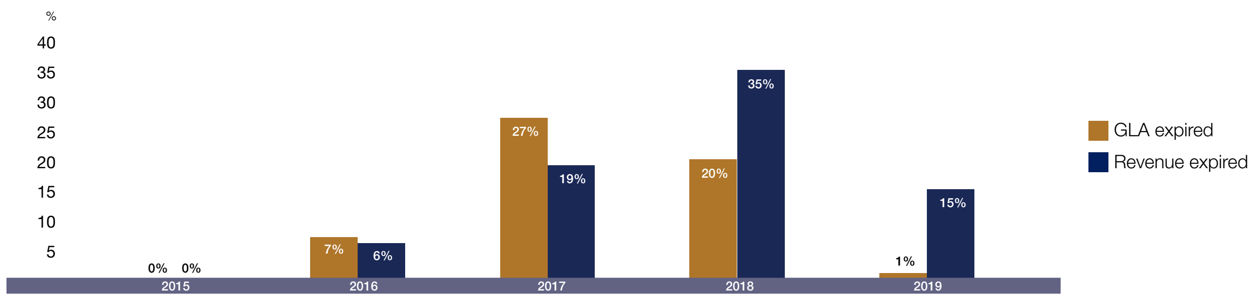
Atlyn Shopping Centre is well located on Khoza Street in Atteridgeville and has a balanced tenant mix, with a majority of national retailers. The centre has a gross leasable area of approximately 41 200m² and is anchored by a 3 775m² Shoprite. This is a premier destination for the residents of Atteridgeville.

The national representation at Atlyn is 92% and includes all major banks, Woolworths, Edcon Group, Truworths, Foschini Group, branded furniture stores, Foschini brands, Tekkie Town, Clicks, Mr Price Group, Nando's, Roman's Pizza, Nike and KFC. The vision remains to market and establish Atlyn as an area regional shopping centre and the strongest retail node in Atteridgeville.

National tenant list

Absa Bank, Ackermans, African Bank, Barko Financial Services, Best Electric, Build it, Capitec Bank, Cell C, Clicks, Edgars, Edgars Active, Exact!, Fair Price Furniture & Appliances, Foschini Express, First National Bank, Foschini, Identity, JAM Clothing, Jet, KFC, King Pie, Legit, Lewis, Liquor City, Markhams, Midas, Morkels, Mr Price Apparel, Multichoice, Nando's, Nedbank, Net1, Nike, OK Furniture, Old Fashioned Fish & Chips, Old Mutual Finance, Pep Cell, Pep Home, Pep Stores, Post Office, Price n Pride, Rage, Romans Pizza, Royal Butchery, Sheet Street, Shoprite, Sleepmasters Bedding Store, Standard Bank, Sterns, Studio 88, Tekkie Town, The Scene, Total Sports, Truworths, Uzzi, Vodacom Service Phone, Webbers, Woolworths, Zebros

Lease expiry profile – Atlyn



Most tenants have a five-year lease agreement in place, while the anchor tenant and some of the other large national tenants have longer lease terms.

Property portfolio continued

Thabong – Sebokeng (Moshoeshoe Street, Sebokeng Unit 10, Ext 1)

Trading since
2007

GLA
41 150m²

Acquisition value
R7 260 177

Investment value
R368 000 000

National tenants
87%

Major tenants
Superspar, Pick n Pay

Occupancy levels
98%

Trading density/m²
R27 900m² p/a*

Number of shops
88

** Based on 48% of turnover figures collected from tenants at the time of this report*

Thabong Shopping Centre is located in Sebokeng and currently has a gross leasable area of approximately 41 150m². The centre has a balanced tenant mix and two anchor retailers, Superspar and Pick n Pay, occupying more than 6 600m². National representation is 87% and currently includes Superspar, Pick n Pay, Pepkor, FNB, Nedbank, branded furniture stores, Jetmart, Truworths and Roots Butchery, KFC, Chicken Licken, Total Sports, Markhams, Exact!, Identity, Fashion Express, Truworths, Pep Stores, Edgars, Edgars Active, Woolworths, Clicks, Tekkie Town, Absa, Capitec and Vodacom.

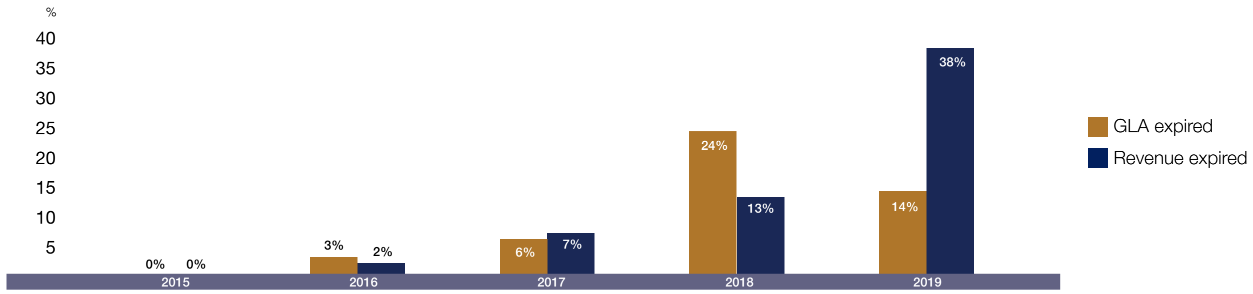
Phase 3 opened for trading at the end of 2014 and phase 3.1 opened for trading at the end of April 2015, adding 13 500m², extending the GLA to a new total of 41 150m². Phase 3 saw the addition of Pick n Pay, Edgars, Woolworths, Foschini, Vodacom and other national and non-national brands.

The focus at Thabong is on maintaining, expanding and continuously attracting the right tenant mix for the market, thereby establishing Thabong as an area regional shopping centre and the preferred shopping node in Sebokeng.

National tenant list

Absa Bank, Ackermans, African Bank, Barko Financial Services, Best Buy Beds, Big O Trading, Bimbos, Build it, Capitec, Cash Crusaders, Chesenyama, Chicken Licken, Clicks, Debonairs, Edgars, Edgars Active, Exact!, Fashion Express, First National Bank, Foschini, Identity, JAM Clothing, JetMart, John Craig, KFC, King Pie, Lewis, Markhams, Mr Price Apparel, MTN, Multichoice, Nedbank, OK Furniture, Old Fashioned Fish & Chips, Old Mutual, Pep Cell, Pep Home, Pep Stores, Pick n Pay, Pick n Pay Liquor, Price n Pride, Rage, Romans Pizza, Roots Butchery, Skjpper Bar, Sportscene, Standard Bank ATM, Studio 88, Superspar, Tekkie Town, Tops, Total Sports, Truworths, Uzzi, Vodacom, Webbers, Woolworths

Lease expiry profile – Thabong



Most tenants have a five-year lease agreement in place, while the anchor tenant and some of the other large national tenants have longer lease terms.

The Victorian – Heidelberg (cnr Voortrekker Street and Jordaan Street)

Trading since
1997

GLA
15 400m²

Acquisition value (17 January 2014)
R128 400 014

Investment value
R142 500 000

National tenants
95%

Major tenants
Pick n Pay

Occupancy levels
99%

Trading density/m²
R38 100/m² p/a*

Number of shops
39

** Based on 87% of turnover figures collected from tenants at the time of this report*

The Victorian Centre is in the CBD of Heidelberg, with the majority of tenants being well-known national retailers. The Victorian has a very loyal support base and the town of Heidelberg shows good growth potential for the future. It will always be a preferred and popular town because of its close proximity to Johannesburg. Anchored by Pick n Pay, The Victorian currently serves (apart from Heidelberg) towns as far away as Ratanga, Nigel and Balfour.

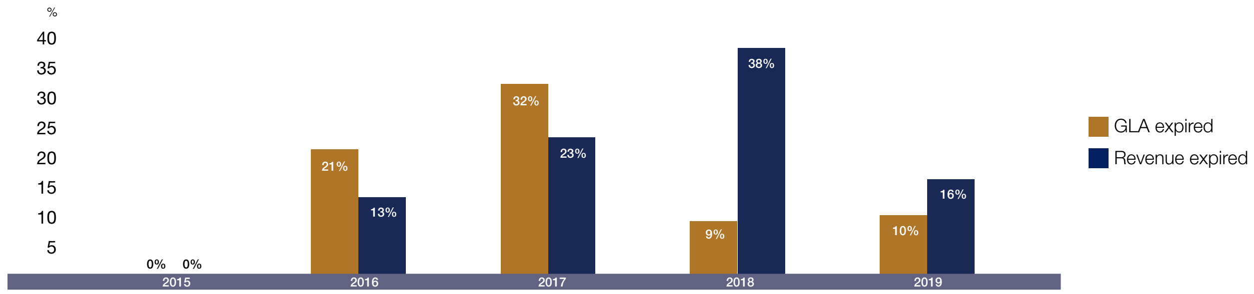
The centre has a gross leasable area of 15 400m² and serves a very prominent regional role as a retail destination, despite its small size. The total number of shops is 39. The national tenant representation is very high, at 95%. This representation includes Pick n Pay, Pepkor, Foschini Group, Tekkie Town, Total Sports, Clicks, Truworths and the major banks.

Safari is currently in the process of extending the anchor, Pick n Pay, which will enhance the variety offered at The Victorian.

National tenant list

Absa Bank ATM, American Swiss, Autopage Cellular, Capellos, Clicks, CNA, Crazy Store, Exact!, First National Bank, Foschini, Liquor City, Mr Price Home, Oasis Water, Pep Stores, Pick n Pay, Postnet, Romans Pizza, Sausalito Spur, Shoe City, Standard Bank ATM, Tekkie Town, Total Sports, Truworths, Vodacom, Wimpy

Lease expiry profile – The Victorian



Most tenants have a five-year lease agreement in place, while the anchor tenant and some of the other large national tenants have longer lease terms.

Governance

Thabong

Trust has never been more important and more challenging. How a business operates and what drives success is being transformed in these days. At the same time, what customers, suppliers, employees, governments and society in general expect from a business is already changing. The impact on the management of a company is inevitable on what information management need to manage and what they need to communicate externally.

Safari is committed to good corporate governance and proper reporting to respond to these dynamics.

Board of directors

Dr Molupe Hendrik Tsolo

Independent non-executive chairman

Committees: Audit, nominations and social and ethics

Having obtained a BSc degree in 1967, Molupe proceeded to study medicine at the University of Natal. After qualifying as a medical practitioner in 1972, he worked for the Natal Provincial Administration at King Edward Hospital before taking up a locum appointment for two years as a general practitioner. Molupe has been practising as a general medical practitioner in Sasolburg and Sebokeng since 1974 and worked for the Transvaal Provincial Administration at Sebokeng Provincial Hospital from 1983 until 1989. In 1987, he was recruited by the local Chamber of Commerce to form Thabo Investment Corporation Proprietary Limited (Thabo), with a group of then mainly black business people as shareholders. He served as treasurer of Thabo for many years and took over as its chairperson and managing director in 2003.

Johannes Zacharius Engelbrecht (Zach)

Executive financial director

Committee: Executive

Zach joined the Safari team in January 2014 and fulfilled the role of chief financial officer through a secondment agreement with Safari Retail Proprietary Limited. Previously employed by Xstrata Alloys Mining Group, he was one of the founding members of the Platinum Division. He served on the executive board of Xstrata and Anglo American Platinum's Mototolo Joint Venture, and also on the executive board of the Eland Platinum Pooling and Sharing Venture, overseeing the financial, commercial and corporate functions of the operations. Previously he had also served on the board of Business against Crime – North West, and served on the audit committee of Xstrata Alloys' Medical Aid. Zach was also involved in various property developments and redevelopments in Pretoria and Rustenburg. Zach holds a Master's Degree in Business Administration (MBA), a Master's Degree in International Taxation (MCom), and an Honours Degree in Financial Accounting (BCom Hons) from the North West University. Zach has completed his SAICA articles and is registered with the South African Institute of Professional Accountants.

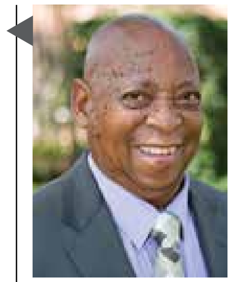
Kyriacos Pashiou (Kiki)

Executive operational director

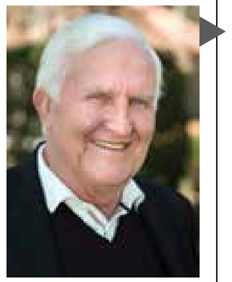
Committees: Executive and social and ethics

Kiki is the CEO of Pace Construction Proprietary Limited (Pace). He has a wealth of experience and in-depth knowledge of all facets of the construction industry, which has been acquired from the numerous developments and contracts undertaken by the group. These include shopping centres, high-rise residential apartments, higher educational facilities, light and heavy industrial buildings, commercial buildings, food processing plants, recreational facilities, filling stations, hospitals and laboratories.

A large portion of Pace own developments consisted of apartment blocks for the sectional-title market and office blocks for investment purposes. In 1995, he became an integral part of Safari and co-developed shopping centres in Gauteng and the North-West Province.

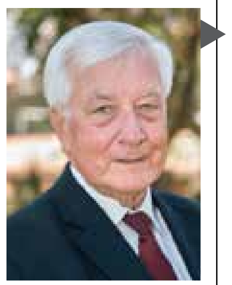


Dr MH Tsolo

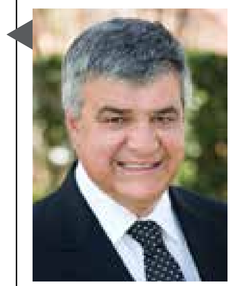


FJJ Marais

JZ Engelbrecht



AE Wentzel



K Pashiou

Francois Jakobus Joubert Marais

Chief executive officer

Committees: Social and ethics, risk, remuneration and executive

Francois has been practising as an architect since 1965 and has been involved with project implementation and management in the property industry in the following categories: educational institutions; health facilities; and all facets of commercial projects. In 1990 he launched a division for project development and has, as a property developer, completed a private hospital, office buildings and residential units. Since 1995, Francois has focused on retail development and has been involved in the implementation of commercial projects to the value of approximately R2 billion to date. He has extensive experience in the initiation and financial implementation of property development, and ultimately the establishment of these developed properties as sought-after investment assets. Francois, being one of the founding members of Safari, now leads the group as chief executive officer, acting also as project manager and coordinator for the various multidisciplinary entities within the group. Francois has led the company as the CEO since incorporation.

Allan Edward Wentzel

Lead independent non-executive director and chairman of audit committee

Committees: Audit, remuneration and social and ethics

Allan is a qualified chartered accountant and has acted in various positions in commerce since 1975, at which time he was the chief executive officer of African Bank Limited, the first black-owned bank in South Africa. He has since practised as a consulting chartered accountant, acting mainly in the non-profit and BEE sectors. Allan is a director of Transfer Administrators Proprietary Limited, a company that provides management advice in the non-profit and BEE sectors, and of KP Fiduciary Solutions, which specialises in deceased estate planning, administers trusts and executes estates.

His significant achievements include: the formation of African Bank Limited, the formation of CDT Foundation NPC, which provides loans to Christian churches and organisations, and the listing of the first black-owned group on the JSE, formerly known as Kilimanjaro Investments Limited (the group subsequently delisted from the JSE). He was the first lay person to head the United Congregational Church of Southern Africa; and was vice chairman of the investment committee of the Council for World Mission in London, with over £100 million under management.

Johannes Coenradus Verwayen (Jannie)

Non-executive director

Jannie has been a practising professional quantity surveyor since 1982 and has been extensively involved in all fields of quantity surveying, project management and development. He has been involved in numerous projects for private and government institutions over the past 30 years and currently specialises in commercial projects, where he also acts as a developer.

Jannie has been involved in a large variety of projects, from major hospitals and healthcare facilities to high-rise buildings, and lends a vast amount of experience and knowledge where he is involved.

He is the founding member and director of the original Strauss Verwayen and Partners Proprietary Limited. In 2005, the Pretoria office changed its name to Matla Quantity Surveyors Proprietary Limited (Matla) and became an independent group. As director, he contributes to Matla at all levels of service, including cost management, construction economics, specialised financial services and forensic investigations. Matla oversees all levels of costing and project management for their clients in industrial, office, retail, civic and educational, as well as residential developments.

Dr Petrus Arnoldus Pienaar (Pine)

Non-executive director

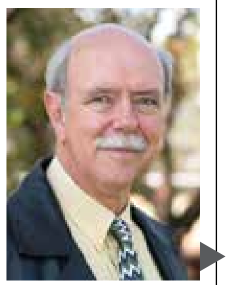
Committees: Risk, social and ethics

Pine has a doctorate in engineering, is a registered professional engineer and has more than 30 years of experience in the consulting engineering field. Pine's initial exposure was in construction. This was followed by a period of specialisation in the roads and transportation field, including road network planning, economic project evaluation, traffic and transportation studies, road design and pavement engineering. He specialised in low-volume roads and is a co-author of the low-volume road design guideline of the Department of Transport and of the road drainage manual of the SA National Road Agency. Pine also has experience in public transport planning and the design of Bus Rapid Transit (BRT) facilities. In this regard he assisted the City of Tshwane with the development of a public transport strategy for the city, including the definition of the public transport network and BRT routes. With regard to urban renewal, Pine played a leading role in the development of the Alberton Boulevard, a facility aimed at enhancing the value of commercial property, reducing traffic flow, creating parking facilities and establishing a pedestrian-focused environment. This project received an award from the International Downtown Association (IDA). Since 2007, Pine has been heading a multidisciplinary team responsible for the planning, design and construction supervision of approximately 50 structures on each of the Medupi and Kusile power stations. Of particular interest in this project is the focus being placed on aesthetic design and meeting green building requirements. Pine is a founding member and current CEO of Nyeleti Consulting, a multidisciplinary firm of consulting engineers. He is the author of more than 50 national and international papers and research reports.

JC Verwayen

Dr M Minnaar

SJ Kruger



Dr JP Snyman

Dr PA Pienaar

Dr Mark Minnaar

Independent non-executive director

Committees: Nominations, remuneration and risk

Mark qualified as a medical doctor in 1991 and furthered his studies with a postgraduate diploma in Anaesthetics in 1994. He obtained his degree as a specialist ophthalmologist in 2001 from the South African Fellowship of Surgeons. Mark joined the Pretoria Eye Institute in 2001 and was elected to the board of the Pretoria Eye Institute in 2005. In 2006 he was part of a team from CSIR, the Pretoria Eye Institute and the Wits Health Consortium that developed, patented and marketed the Eyeborn Hydroxyapatite orbital implant. In 2007 he was elected as managing director of the Pretoria Eye Institute, a role that he fulfilled until December 2010. He was the financial director of the Pretoria Eye Institute from 2010 to 2012. Mark also served as the financial director of Pretoria Eye Institute Properties; Pretoria Eye Institute Hospitals; and Kendal Investments from 2007 to 2012. He was a co-founder of and served as the managing director on the boards of the following property investment companies: Shanike Investments Proprietary Limited, Pretoria Eye Institute Investments, Laritza Investments No 171 and Mitja Investments No 23. He also serves as a board member of Pretoria Eye Institute Research and FIFO Investments. In 2012 Mark co-founded the Medical Device Import Company, Caelum Caeruleam. In 2014 Dr Mark resigned, on rotation from the boards of the following companies: Pretoria Eye Institute, Pretoria Eye Institute Properties, Pretoria Eye Institute Hospitals, Kendal Investments, Laritza Investments No171, Mitja Investments No 23, Pretoria Eye Institute Investments and Caelum Caeruleam and declined to stand for re-election, mainly to dedicate his time to Safari Investments and new projects.

Stephanus Johannes Kruger (Fanus)

Non-executive director

Fanus is a Certified Financial Planner (CFP®) and has been in the financial services industry for the past 23 years. After completing a BCom degree, he co-founded De Wet De Villiers Financial Services. He currently heads Fanus Kruger Consulting CC in Rustenburg and also serves on the board of Burrie Smit Developments Proprietary Limited. Fanus has been involved in various successful property developments in Rustenburg, Pretoria and Sebokeng, and is currently involved in a rural development project in Rustenburg comprising 360 stands.

Dr Jacobus Phillipus Snyman (Phillip)

Independent non-executive director

Committees: Audit, remuneration and nominations

Phillip has practised as a private dental practitioner in Rustenburg after qualifying as a dentist in 1977. Since 1978, he has served on the boards of various companies involved in both the medical and property industries, such as Peglerae Investments (director and chairman); Peglerae Hospital (director); Rustenburg Hospital Properties (director); Rustkor Investments (executive director and chairman) and Rustkor Properties (executive director).

Directors' information

Safari is driven by a board of professional entrepreneurs with a passion for excellence and a preference for a hands-on management approach. This approach is evidenced in the quality of the retail centres, the tenants and the continued demand for letting space in Safari's shopping centres. The team is represented by a healthy spread of professionals, from disciplines such as architecture, civil engineering, and construction, medical and financial industries.

The board consists of ten directors, of whom seven are non-executives (four of them independent) and three executives. The chairman, Dr Molupe Tsolo, being an independent non-executive director, oversees the board's functioning and the chief executive officer, Mr Francois Marais, leads the executive team and attends to the day-to-day functions of the business.

Mr Zach Engelbrecht, the CFO of Safari, has replaced Mr Daan van Straten as executive financial director with effect from 25 February 2015. Mr Van Straten has retired as a board member; Safari has benefited for many years from his wisdom and expertise and he leaves a legacy of financial health, prudence and integrity. We wish him all the best for his retirement and welcome Mr Engelbrecht to the team. Dr PA Pienaar has stepped down as a member of the company's executive committee with effect from 1 March 2015, but has remained on the board as a non-executive director of the company, and the status of Dr M Minnaar changed from non-executive director to independent non-executive director with effect from the same date. The audit committee, chaired by Mr Allan Wentzel, has considered and is satisfied with the experience of Mr Zach Engelbrecht as executive financial director. For the 2015 financial period, until the aforementioned appointment, the CFO and FD functions were collectively performed by various employees of Cosmos Management CC and Safari Retail Proprietary Limited with CA(SA) qualifications.

The remainder of the board members have a wealth of relevant property development expertise and experience.

Altogether more than 100 years of property development experience and expertise

Name, age and nationality*	Qualifications and occupation	Capacity	Director's aggregate indirect and direct interest in Safari (31 March 2015)	Director's aggregate indirect and direct interest in Safari (31 March 2014)
Dr Molupe Hendrik Tsolo (72)	BSc, MBChB, Accounting diploma (1972) Medical practitioner	Independent non-executive chairman	0,08%***	0,08%***
Francois Jakobus Joubert Marais (75)	BArch (1964) Architect	Chief executive officer	4,23%***	4,05%***
Johannes Zacharius Engelbrecht (37)	MCom (2003), MBA (2011) Financial director	Executive financial director	0,03%	0%
Stephanus Johannes Kruger (56)	BCom (1982), ILPA (1997) Financial planner	Non-executive	0,87%***	1,05%***
Dr Mark Minnaar (48)	MBChB, Diploma Anaesthesiology FCS (SA) (1991) Ophthalmologist	Independent non-executive	0,72%***	0,73%***
Kyriacos Pashiou (61)	National Diploma in Construction Management (1977) Building contractor	Executive operational director	5,4%	4,06%
Dr Petrus Arnoldus Pienaar (58)	MEngineering (1987) PhD	Non-executive	1,67%***	1,06%***
Dr Jacobus Phillipus Snyman (63)	BChD (1977) Dental surgeon	Independent non-executive	0,45%	0,45%
Daniel Elardus van Straten (66)**	CA(SA) (1973) Chartered accountant	Executive financial director	0,20%	0,38%
Johannes Coenradus Verwayen (61)	BSc (QS) (1981) Quantity surveyor	Non-executive	0,88%	0,56%
Allan Edward Wentzel (76)	CA(SA) (1961) Chartered accountant	Lead independent non-executive and chairman of audit committee	–	–

* *All the directors are South African*
** *Resigned during this financial year*
*** *Include indirect beneficial interest held through a shareholder which is a company or close corporation*

All the interests held by the directors are indirect, save for Dr M Minnaar's holding 0,19% and Mr JZ Engelbrecht's holding 0,03% of the interest in their personal capacity. The interest of the directors as stated in the table above has remained unchanged from 31 March 2015 up to the date of publication of this report.

Denlyn

Directors' transparency and remuneration report

The remuneration of the board for the financial periods ending 31 March 2014 and 2015 is set out in the table below:

Short-term remuneration

Name	Directors' fees* 2015 R	Directors' fees* 2014 R	Consulting/ committee fees 2015 R	Consulting/ committee fees 2014 R	Consulting fees: Listing process 2015 R	Consulting fees: Listing process 2014 R	Total 2015 R	Total 2014 R
Executive directors								
FJJ Marais	100 000	114 809	100 000	59 000	–	225 000	200 000	398 809
K Pashiou	72 000	108 749	54 000	42 000	–	76 125	126 000	226,874
DE van Straten	69 333	108 779	141 000	–	–	–	210 333	108 779
JZ Engelbrecht	1 302 667**	–	6 000	–	–	–	1 308 667	–
Non-executive directors								
JP Snyman	66 000	105 749	42 000	–	–	–	108 000	105 749
MH Tsolo	100 000	90 659	80 000	–	–	–	180 000	90 659
JC Verwayen	72 000	129 929	18 000	114 000	–	103 500	90 000	347 429
M Minnaar	72 000	102 719	66 000	–	–	–	138 000	102 719
SJ Kruger	64 000	96 719	12 000	27 000	–	111 000	76 000	234 719
AE Wentzel	72 000	105 779	94 500	103 000	–	120 000	166 500	328 779
PA Pienaar	72 000	45 000	61 500	–	–	75 000	133 500	120 000
Total	2 062 000	1 055 500	675 000	345 000	–	710 625	2 737 000	2 111 125

* *There are no benefits such as travel allowance, medical or pension benefits*
** *Remuneration as part of the fee charged by Safari Retail Proprietary Limited in terms of the secondment agreement*

No payments are proposed to be made, either directly or indirectly, in cash or securities or otherwise to the directors in respect of expense allowances, benefits, pension contributions, management, consulting, technical or secretarial fees.

No monies have been paid or have been agreed to be paid, within the three years preceding the last practicable date, to any director or to any group in which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director.

Board charter and committees

Corporate governance statement

Safari is fully committed to apply each and every recommendation contained in the King Code of Corporate Governance for South Africa 2009 (King III), the Companies Act, the Financial Markets Act and the JSE Listings Requirements. Full details of the company's application of the principles of corporate governance can be found at: http://www.safari-investments.com/the-company/corporate-governance/. Safari has operated as a public company since 2010 and listed on the JSE in April 2014. Many of the internal structures required by the regulation and King III have therefore been in place for several years and as such most of the principles set out in King III are applied, save for that as set out in the table below.

Commitment to best practices in corporate governance

Governance element	Principle		Summary of non-application of the King III principles
Chapter 2 – Boards and directors			
Role and function of the board	2.10	The board should ensure that there is an effective risk-based internal audit	The company does not have an internal audit function. The audit committee is reviewing the necessity on an annual basis and at this stage it is not justifiable to have any internal audit functions. This function is currently carried out by the board as a whole.
	2.13	The board should report on the effectiveness of the company's system of internal controls	
Chapter 3 – Audit Committees			
Internal assurance providers	3.7	The audit committee should be responsible for overseeing internal audit	
Chapter 7 – Internal Audit			
The need for and role of internal audit	7.1	The board should ensure that there is an effective risk-based internal audit	
Internal audit's approach and plan	7.2	Internal audit should follow a risk-based approach to its plan	
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	
	7.4	The audit committee should be responsible for overseeing internal audit	
Internal audit's status in the company	7.5	Internal audit should be strategically positioned to achieve its objectives	

Atlyn

Board of directors

The board is collectively responsible to the stakeholders for the long-term success of the group and for the overall strategic direction and control. This responsibility is explicitly assigned to the board in its charter and, to some extent, in the company's Memorandum of Incorporation (MOI).

The directors have, accordingly, established mechanisms and policies, appropriate to the company's business, according to its commitment to best practices in corporate governance, in order to ensure application of King III principles. The board reviews these mechanisms and policies from time to time.

Summary of the board charter

The main functions of the board as per the board charter are:

- determining the group's purpose, values, identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the board's relationship with management, the shareholders and other stakeholders of Safari;
- providing strategic direction and leadership that is aligned to the group's value system by reviewing and approving budgets, plans and strategies for Safari and monitoring the implementation of such strategic plans and approving the funding for such plans;
- ensuring that Safari's business is conducted ethically and monitoring the ethical performance of Safari;
- approving business plans, budgets and strategies that are aimed at achieving Safari's long-term strategy and vision;
- annually reviewing the board's work plan;
- ensuring the sustainability of Safari's business;
- reporting in Safari's annual report on the going-concern status of Safari and whether Safari will continue to be a going concern in the next financial year;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect Safari's assets and reputation;
- identifying and monitoring key performance indicators of Safari's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring application of the group's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- adopting and annually reviewing the information technology governance framework and receiving independent assurance on such framework;
- considering, through the audit committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the group;
- ensuring that the group's annual financial statements are prepared and are laid before a duly convened annual general meeting of the group;
- ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that such policy contains accepted principles of accurate and reliable reporting, including being open, transparent, honest, understandable, clear and consistent in Safari's communications with stakeholders;
- considering recommendations made to the board by the nominations committee with regard to the nomination of new directors and the re-appointment of retiring directors, both as executive directors and non-executive directors;
- ensuring that the competency and other attributes of the directors are suitable for their appointment as directors and the roles that they are intended to perform on the board, and that they are not disqualified in any way from being appointed as directors;
- ensuring that appointments to the board are formal, transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the executive directors and senior management is implemented;
- ensuring the appointment and removal of the group company secretary;
- reviewing the competence, qualifications and experience of the group company secretary annually; and
- selecting and appointing suitable candidates as members of committees of the board and the chairmen of such committees.

Developing strategies

Increasing shareholder value

Custodian of good corporate governance

Ensuring ethical performance and sustainability

Composition of the board

The board comprises ten directors, of which three are executive directors and seven are non-executive, four of these being independent.

For further information on the board of directors, please see pages 16 and 17.

Chairman

The roles of the chairman and CEO are separate and the office of the chairman is occupied by a non-executive director. Dr MH Tsolo is the independent chairman, in line with the recommendations of King III.

For further information on the chairman and CEO's report, please see pages 6 and 7.

Board charter and committees continued

The chief executive officer

The board has appointed Mr FJJ Marais as CEO. The board has established a framework for delegation of authority and ensured that the role and function of the CEO were formalised and that the CEO's performance is evaluated against specified criteria.

Balance of power

The group's executive directors are involved in the day-to-day business activities of the group and are responsible for ensuring that the decisions of the board of directors are implemented in accordance with the mandates given by the board.

The board has ensured that there is an appropriate balance of power and authority at board level such that no one individual or block of individuals dominates the board's decision taking. The non-executive directors are individuals of calibre and credibility and have the necessary skills and experience to bring independent judgement on issues of strategy, performance, resources, standards of conduct and evaluation of performance.

Code of ethics

The board is responsible for the strategic direction of the group. It sets the values that the group adheres to and is currently in the process of finalising a code of ethics that will be applied throughout the group.

◀ *For further information on the code of ethics, please visit www.safari-investments.com*

The current board's diversity of professional expertise and demographics makes it a highly effective board with regard to Safari's current strategies. The board shall ensure that, in appointing successive board members, the board as a whole will continue to reflect, whenever possible, a diverse set of professional and personal backgrounds.

Information and other professional advice

The board has performed an annual review of its members' information needs, and directors have unrestricted access to all group information, records, documents and property to enable them to discharge their responsibilities efficiently. Efficient and timely methods of informing and briefing board members prior to board meetings were established; in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to Safari. In this context, the directors are continually provided with information in respect of key performance indicators, variance reports and industry trends.

The board established, through the group company secretary, a formal induction programme to familiarise incoming directors with the group's operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. The directors received further briefings from time to time on relevant new laws and regulations, as well as on changing economic risks.

The directors ensure that they have a working understanding of applicable laws. The board has ensured that the group complies with applicable laws and considers adherence to non-binding industry rules and codes and standards. In deciding whether or not non-binding rules should be complied with, the board factors in the appropriate and ethical considerations that must be taken into account. New directors with limited or no board experience will receive appropriate training to inform them of their duties, responsibilities, powers and potential liabilities.

The board established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the group's expense. All directors have access to the advice and services of the group company secretary. The members are also registered with the Institute of Directors of South Africa (IoDSA).

Board evaluation

The board will disclose details in its directors' report of how it has discharged its responsibilities to establish an effective compliance framework and process.

The board appraised the chairman's performance and ability to add value to the group. The chairman, or a sub-committee appointed by the board, appraised the performance of the CEO.

The board, as a whole and individual directors, were assessed on their overall performance in order to identify areas for improvement in the discharge of individual directors' and the board's functions. This review was undertaken by the chairman and, if so determined by the board, an independent service provider.

The board has developed a charter setting out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the group's risk management and internal controls, communication policy and director selection, orientation and evaluation.

Board meetings

During the financial year, the board held five formal board meetings, at which an average attendance record of 96% was achieved (see table below). The board set the strategic objectives of the group and determined investment and performance criteria. The board furthermore effectively managed the sustainability, proper management, control, compliance and ethical behaviour of the businesses under its direction. The board has established a number of committees in order to give detailed attention to certain of its responsibilities. These committees operate within defined, written terms of reference. During February 2015 the board also attended a very successful strategic planning session, at which the medium- and long-term strategy of Safari was planned and confirmed.

Director	25 June 2014	17 September 2014	12 November 2014	30 January 2015	25 February 2015
MH Tsolo (C)	✓	✓	✓	✓	✓
SJ Kruger	✓	a	✓	✓	✓
FJJ Marais	✓	✓	✓	✓	✓
M Minnaar	✓	✓	✓	✓	✓
K Pashiou	✓	✓	✓	✓	✓
PA Pienaar	✓	✓	✓	✓	✓
JP Snyman	✓	✓	✓	a	✓
DE van Straten	✓	✓	✓	✓	✓
JC Verwayen	✓	✓	✓	✓	✓
AE Wentzel	✓	✓	✓	✓	✓
Attendance	100%	90%	100%	90%	100%

✓ = Attended
a = Absent

Directors' declarations and conflict of interests

The board determined a policy for detailing the manner in which a director's interest in transactions must be determined and the interested director's involvement in the decision-making process. Real or perceived conflicts in the board are managed in accordance with the predetermined policy used to assess a director's interest in transactions.

Dealing in securities

Directors, executives and senior employees are prohibited from dealing in Safari securities during certain prescribed restricted periods. A formal securities-dealings policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Financial Markets Act.

◀ *For further information on dealing in securities, please visit www.safari-investments.com*

Procedures for appointments

The board will determine a policy for detailing the procedures for appointments to the board. Such appointments are to be formal and transparent and a matter for the board as a whole, assisted where appropriate by the nominations committee.

◀ *For further information on procedures for appointments, please refer to the nominations committee report on page 26.*

The development and implementation of nomination policies will be undertaken by the nominations committee and the board as whole, respectively.

For further information on the group company secretary, please refer to contracted parties on page 28. ▶

Rotation of directors

No director shall be appointed for life or for an indefinite period; the directors shall rotate in accordance with the following provisions:

- During the first annual general meeting following the listing, all the directors retired and were re-elected thereafter. At each annual general meeting one-third of the directors for the time being shall retire from office, by rotation, provided only that if a director is an executive or managing director or CEO, or an employee of the group in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation, and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors; and
- The appointment of executive directors shall be terminable in terms of board resolutions.

Group company secretary

A suitably qualified, competent and experienced group company secretary was appointed and appropriately empowered to fulfil his duties with regard to assistance to the board. Safari Retail Proprietary Limited (Safari Retail) is represented by Dirk Engelbrecht, as the group company secretary. His name, business address and qualifications are set out in the "corporate information" section. Dirk has a BCom LLB degree and is currently enrolled to qualify as a chartered secretary through the Chartered Secretaries of South Africa (CSSA).

Board charter and committees continued

The group company secretary assists the nominations committee in the appointment, induction and training of directors. He provides guidance to the board of directors with reference to their duties and good governance and ensures that the board and board committee charters are kept up to date. The group company secretary prepares and circulates board papers and assists with obtaining responses, input and feedback for board and board committee meetings. Assistance is also provided with regard to the preparation and finalisation of board and board committee agendas based on annual work plan requirements.

The group company secretary ensures that the minutes of board meetings and board committee meetings are prepared and circulated and also assists with the annual evaluations of the board, board committees and individual directors. The group company secretary reports directly to the chairman.

The board of directors considered and satisfied itself on the competence, qualifications and experience of the group company secretary. The group company secretary maintains an arm's-length relationship with the group's board being the gatekeeper of corporate governance, and is not directly employed by the group. The group company secretary effectively enhances his abilities as gatekeeper of good corporate governance through regularly attending skills development programmes and studying for board exams to qualify as a chartered group secretary.

Board committees

The board has delegated certain functions to the executive committee, audit committee, risk committee, remuneration committee, nominations committee and social and ethics committee. The board is conscious of the fact that such delegation of duties is not an abdication of the board members' responsibilities. The various committees' terms of reference will continue to be reviewed annually and such terms of reference will be disclosed in the group's integrated report.

External advisers and executive directors who are not members of specific committees may attend committee meetings by invitation, if deemed appropriate by the relevant committees.

The executive committee

The executive committee is empowered and responsible for implementing the strategies approved by the board and for managing the affairs of Safari.

The duties of the committee include the consideration of all investment decisions of Safari. The investment decisions include acquisitions and redevelopments, including refurbishments of properties.

◀ See report by executive committee on page 32.

◀ See annual financial statements on page 41.

Audit committee: Adopting and implementing sound financial policies

See report by audit committee on page 47. ▶

Executive committee: Implementing board approved strategies

In performing the above mentioned duty, the executive committee:

- considers recommendations from management for acquisitions, capital expenditure or disposals;
- authorises and approves such transactions and capital expenditure that fall within its approval mandate; and
- makes recommendations to the board for approval regarding transactions and capital expenditure that fall outside its approval mandate.

The committee is chaired by the CEO and comprises the executive directors and, on invitation, certain non-executive directors and members of senior management.

The committee has conducted eight meetings, with an average of 98% attendance by the committee members. The committee deliberated, decided and made recommendations on all matters of strategy and operations within its mandate. The mandate was set by the board, and from time to time the decisions or recommendations were referred to the board or relevant board committee for final approval.

Audit committee

The board has an established audit committee. This committee functioned as the audit and risk committee up until 25 February 2015 whereafter the risk committee was established as a separate committee.

All the members of the committee are financially literate (and the board will ensure that any future appointees are financially literate). Mr AE Wentzel CA(SA), the lead independent non-executive director, chairs the committee, and its other members are Dr MH Tsolo and Dr JP Snyman (with approval from the shareholders to be members), both of whom are independent non-executive directors. The committee is responsible for performing the functions required by it in terms of section 94(7) of the Companies Act. These functions include nominating and appointing the group's auditors and ensuring that such auditors are independent of the group, determining the fees to be paid to the auditor and the auditor's terms of engagement, ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation, dealing with any complaints (whether from within or outside the group) relating to accounting practices or the content of the group's financial statements and related matters.

The non-statutory functions of this committee are to assist the board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in the group with reference to the findings of external auditors, and reviewing and

Atlyn

recommending, for approval by the board, the annual financial statements and interim reports of the group, as well as other public communications of a financial nature. Other functions include considering accounting issues, reviewing audit recommendations and ensuring that the group complies with relevant legislation and sound corporate governance principles.

In addition, and if required, the committee will review any significant cases of fraud, misconduct or conflict of interests. This committee will, from time to time, determine policies with regard to non-audit services provided by the external auditor.

The group's external auditors have unrestricted access to this committee and its meetings.

This committee has reviewed the expertise, experience and performance of Safari's financial director, Mr JZ Engelbrecht, and is satisfied with his appointment as financial director. In addition, the committee reviewed and reported on the expertise, resources and experience of the group's finance functions. The committee also reviewed and assessed the group company secretary's competence, qualifications and experience during the year.

◀ See annual financial statements on page 41.

◀ For further information please see page 47.

Responsibilities of the committee include:

- adopting and implementing an appropriate financial risk management policy, which policy:
  - is in accordance with industry practice; and
  - specifically prohibits the group from entering into any derivative transactions that are not in the normal course of business;
- reporting in the annual report each year that it has monitored compliance with the policy and that the group has, in all material respects, complied with the policy during the year concerned;
- reporting to the JSE in the annual compliance declaration referred to in paragraph 13.49(d) that it has monitored compliance with the policy and that the group has, in all material respects, complied with the policy during the year concerned; and
- at the time of listing, confirming to the JSE and disclosing in the prelisting statement that it has adopted the policy referred to in paragraph 13.46(h)(i) above.

During this financial year, this committee conducted five meetings with 100% attendance by the members (see table below).

The members of this committee are appointed every year at the AGM.

Director	3 June 2014	8 September 2014	9 December 2014	22 January 2015	3 February 2015
AE Wentzel (C)	✓	✓	✓	✓	✓
MH Tsolo	✓	✓	✓	✓	✓
JP Snyman	✓	✓	✓	✓	✓
Attendance	**100%**	**100%**	**100%**	**100%**	**100%**

✓ = *Attended*

Board charter and committees continued

Remuneration committee

The remuneration committee comprises Mr AE Wentzel (chairman of the committee), Dr M Minnaar and Dr JP Snyman, all of whom are independent non-executive directors. The CEO and other executive directors attend meetings of the remuneration committee by invitation, but do not participate in discussions regarding their own remuneration and benefits.

The remuneration committee has the responsibility and authority to consider and make recommendations to the board on, inter alia, remuneration policy of the group, payment of performance bonuses, executive remuneration, and short-, medium- and long-term incentive schemes and employee retention schemes. This includes the fees paid to the service provider for the secondment of the financial director and group company secretary. The remuneration committee uses external market surveys and benchmarks to determine executive director remuneration and benefits, to the extent paid by Safari, as well as non-executive directors' base fees and attendance fees. Safari's remuneration philosophy is to structure packages in such a way that long- and short-term incentives are aimed at achieving business objectives and the delivery of shareholder value.

During this financial year, this committee conducted one meeting with 100% attendance by the members (see table below). The committee prepared and recommended for approval at the 2014 annual general meeting (AGM) a remuneration policy in line with the company's budget for the 2015 financial year. The remuneration policy was approved at the AGM of 2014 for a period of two years and as a result no further meetings were held during the year by the remuneration committee.

Directors	28 May 2014
AE Wentzel (C)	✓
M Minnaar	✓
JP Snyman	✓
Attendance	100%

✓ = *Attended*

Remuneration committee: Review and recommend appropriate remuneration policies

Nominations committee

The nominations committee comprises Dr MH Tsolo (independent non-executive chairman of this committee), Dr M Minnaar (independent non-executive director) and Dr JP Snyman (independent non-executive). Mr AE Wentzel stepped down as a member from this committee during August 2014 and was succeeded by Dr M Minnaar. The nominations committee is responsible for reviewing the group's board structure, the size and composition of the board, and for making recommendations in respect of these matters as well as an appropriate split between executive and non-executive directors and independent directors. The nominations committee assists in identifying and nominating new directors for approval by the board. It considers and approves the classification of directors as independent, oversees induction and training of directors and conducts annual performance reviews of the board and various board committees. The nominations committee is also responsible for ensuring the proper and effective functioning of the group's boards and assists the chairman in this regard.

Nominations committee: Review board structure and composition

There is no report from the nominations committee included for the 2015 financial period save for the retirement of Mr DE van Straten and subsequent appointment of Mr JZ Engelbrecht as the new financial director. The committee nominated Mr JZ Engelbrecht for this position subject to the audit committee's approving the nomination after reviewing his expertise and experience.

During this financial year, this committee conducted only one meeting with 100% attendance by the members (see table below).

Directors	25 June 2014
MH Tsolo (C)	✓
AE Wentzel	✓
JP Snyman	✓
Attendance	100%

✓ = *Attended*

Social and ethics committee

Social and ethics committee: Monitors group's activities in society and ensures sound and ethical operations

Please refer to report by social and ethics committee on page 36.

This committee comprises Mr AE Wentzel (lead independent non-executive chairman of this committee), Mr FJJ Marais (executive director), Dr PA Pienaar (non-executive director), Dr MH Tsolo (independent non-executive director) and the head of the property portfolio management, Mr W Venter. The social and ethics committee monitors the group's activities with regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, care for the environment, health and public safety, including the impact of the group's activities and of its products or services), consumer relationships, and labour and employment issues.

The responsibility of this committee is advising the board on all relevant aspects that may have a significant impact on the long-term sustainability of the group, and aspects that influence the group's triple-bottom-line reporting. The committee draws the attention of the board to matters within its mandate and reports to the shareholders at the group's annual general meeting on such matters (see social and ethics report on page 36).

This committee conducted one meeting and three electronic meetings (via teleconference or email) during this financial year, with 94% average attendance by its members, as shown in the table below:

Director	11 April 2014	(Electronic) 2 December 2014	(Electronic) 27 February 2015	(Electronic) 14 March 2015
AE Wentzel (C)	✓	✓	✓	✓
MH Tsolo	✓	✓	✓	✓
FJJ Marais	a	✓	✓	✓
PA Pienaar	✓	✓	✓	✓
Attendance	75%	100%	100%	100%

✓ = *Attended*
a = Absent

Risk committee

Risk committee: Identify and assess significant risks

The risk committee was recently established separately from the audit and risk committee; the membership comprises Dr M Minnaar (independent non-executive chairman of the committee), Dr PA Pienaar (non-executive director) and Mr FJJ Marais (executive director). The risk committee is responsible for overseeing that the executive team has identified and assessed all the significant risks that the organisation faces, and monitoring, in conjunction with other board-level committees or the full board, if applicable, risks such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks.

The committee has established a comprehensive risk register in order to assist it in performing the identification, monitoring and management of risks. This committee plans to meet quarterly to fulfil its duties.

Platz am Meer (illustration)

Contracted parties

Property development and procurement agreement

Safari Developments Proprietary Limited (Safari Developments) is a private company which conducts the business of identifying possible commercial property for development opportunities; assessing the feasibility of such projects; procuring, if necessary, all the requirements for a successful development; and acting as project managers to complete the construction. Safari Developments has developed commercial property, creating opportunity for smaller investors to benefit from the growth and income of rentals which provide for capital growth better than inflation and at low risk. A team of specialists forms the heart of Safari Developments and has been executing projects for many years. Each member plays a unique role in the development process and by combining their fields of expertise they ensure that each project is delivered within the specified parameters. Through Safari Retail Proprietary Limited, it also arranges the proper tenanting of new developments.

Managing director: Jannie Verwayen
Telephone: 012 365 1881
Website: www.safari-developments.com

Group company secretary and financial director secondment agreement

Safari Retail Proprietary Limited (Safari Retail) is a direct contracted party to the company in that it provides Safari with company secretarial and financial director services through the secondment of the necessary personnel. Safari Retail also assists with the leasing and marketing of available space in existing centres of the company.

Dirk Engelbrecht: Group company secretary

Dirk obtained a BCom Law degree in 2006 and an LLB degree in 2008 from the University of Pretoria. He completed his articles at Weavind & Weavind Incorporated, and remained with the firm until April 2011 as a professional assistant focusing on High Court litigation. In April 2011, Dirk joined G4S Secure Solutions (SA) Proprietary Limited as the national legal manager, tasked with contract drafting and negotiations, debt collecting, claims handling and acting as general legal adviser for the group. Dirk joined Safari Investments as the group company secretary and in-house legal adviser in January 2014 in terms of a secondment agreement with Safari Retail, and also assists with the leasing and marketing of available space in existing centres.

Telephone: 012 365 1881
Email: dirk@safari-retail.com

For more information please visit www.safari-developments.com.

Ensures that each centre performs optimally in terms of trade and tenant mix

Played an integral part in the installation of generators proving to be a major benefit to the community during power failures

Secondment of financial director and group company secretary

D Engelbrecht

Property portfolio management agreement

The management of all properties owned by the company is a contracted agreement undertaken by Cosmos Management CC (Cosmos). Cosmos is responsible for the facilities management of all the centres in the company's portfolio. This comprises functions such as financial bookkeeping, auditing processes, rent collection, monthly financial reporting, and centre management, which includes management of contractors responsible for the cleaning, waste management and security at the centres and ensuring tenant satisfaction. Each property has a full-time centre manager who reports to head office. The objective of Cosmos is to manage each centre to perform optimally in terms of trade and tenant mix.

Managing director: Willem Venter
Telephone: 012 365 1865
Email: willem@cosmos-management.com

Electricity, meter reading and electricity accounting services

African Electrical Technologies Proprietary Limited, trading as Loadman (Loadman), is contracted by Safari to supply the tenants in its centres with electricity and provide the services of meter reading and proper accounting of such usage by the tenants. Loadman has played an integral part in Safari's business in that it has assisted with the installation of generators at all the centres, which proved to be a major benefit to the tenants as well as the community, in that all the centres are fully operational during power failures. Together with Loadman, the company is also investigating the opportunity of installing solar panels in order to generate its own electricity at each centre to subsidise the current demand.

Director: Peet Olivier
Telephone: 012 349 2247
Email: polivier@plantech.co.za

Day hospital development agreement

Advanced Health Limited (Advanced Health) establishes, invests in and manages day hospitals in Australia and South Africa. Safari recently contracted with Advanced Health's development arm to construct a private day hospital in Soweto. Its facilities are modern, compact and equipped to render same-day surgical procedures efficiently, with a strong focus on the quality of surgical outcomes at extremely competitive rates for patients and medical schemes. Safari plans to expand on this new introduction to its portfolio in the future. Advanced Health continues to investigate additional investment opportunities where Safari can acquire day hospital facilities in partnership with participating medical practitioners to ensure that medical quality and technology objectives are met.

Property development manager: Gerrit van den Berg
Telephone: 012 110 4161/2/3
Email: info@advancedhealth.co.za

REIT legislation, REIT taxation status and corporate governance

REIT legislation

REIT legislation in South Africa came into effect on 1 April 2013. Safari confirms that it currently holds REIT status recognised by the JSE and continues to meet the qualification requirements as stipulated by the JSE and applicable legislation. The following achievements from a REIT point of view are noteworthy:

- The group currently has gross assets worth approximately R1,755 billion, as reflected in annual financial statements of 2015;
- The group is a property investment entity focusing mainly on retail centres and currently has three regional centres in township areas and one community centre in Heidelberg, comprising a total of 139 942m² gross lettable area;
- The group is currently deriving 100% of its revenue from rental income;
- The group complies with the minimum income and shareholder spread requirements of the main board of the JSE and currently boasts over 700 shareholders as at the financial year ending 31 March 2015;
- The group will, to the best of the directors' knowledge, qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act for the current financial year;
- The group's total borrowings were maintained below 30% of gross asset value. The group's borrowing was well below the 60% requirement in terms of REIT legislation;
- The audit committee has confirmed to the JSE that, as part of its terms of reference, it has adopted the policy referred to in paragraph 13.46 (h)(i) of the Listings Requirements and that the group complies with the following provisions set out in the Listings Requirements:
  - adopting and implementing an appropriate risk-management policy, which policy as a minimum is in accordance with industry practice and specifically prohibits Safari from entering into any derivative transactions that are not in the normal course of Safari's business;
  - reporting in the annual report each year that the audit committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned; and
  - reporting to the JSE, in the annual compliance declaration referred to in paragraph 13.49(d) of the Listings Requirements, that the audit committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned;

REIT status maintained from 1 April 2014

A total of 139 942m² gross lettable area

Deriving 100% of its revenue from rental income

Gearing levels maintained below 30%

For more information please refer to risk committee on page 27.

For more information please refer to audit committee report on page 36.

- The group will comply with the general continuing obligations as determined by the JSE and, more specifically, those set out in section 13.49 of the Listings Requirements as amended from time to time; and
- The board confirms that Safari has during the past financial year complied with, and will continue to comply with, the following provisions, as set out in section 13.49 of the Listings Requirements:
  - Safari will distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than six months after its financial year end, subject to the relevant solvency and liquidity test as defined in sections 4 and 46 of the Companies Act. The next distribution of R58 576 000 was approved and will accordingly be paid out in June 2015;
  - Safari will ensure that, subject to the solvency and liquidity test and the provisions of section 46 of the Companies Act, the subsidiaries of Safari that are property entities incorporated in South Africa will distribute at least 75% of their total distributable profits as a distribution by no later than six months after their financial year ends; and
  - Interim distributions may occur before the end of a financial year. Safari has distributed 95% of distributable profit during the 2015 financial year, consisting of a R34 000 000 distribution in July 2014, and a scrip dividend of R57 800 000 in December 2014 where a total of 30% of the total dividend was reinvested into the company. As a result Safari issued 2 282 443 new shares to the company's shareholders during this process.

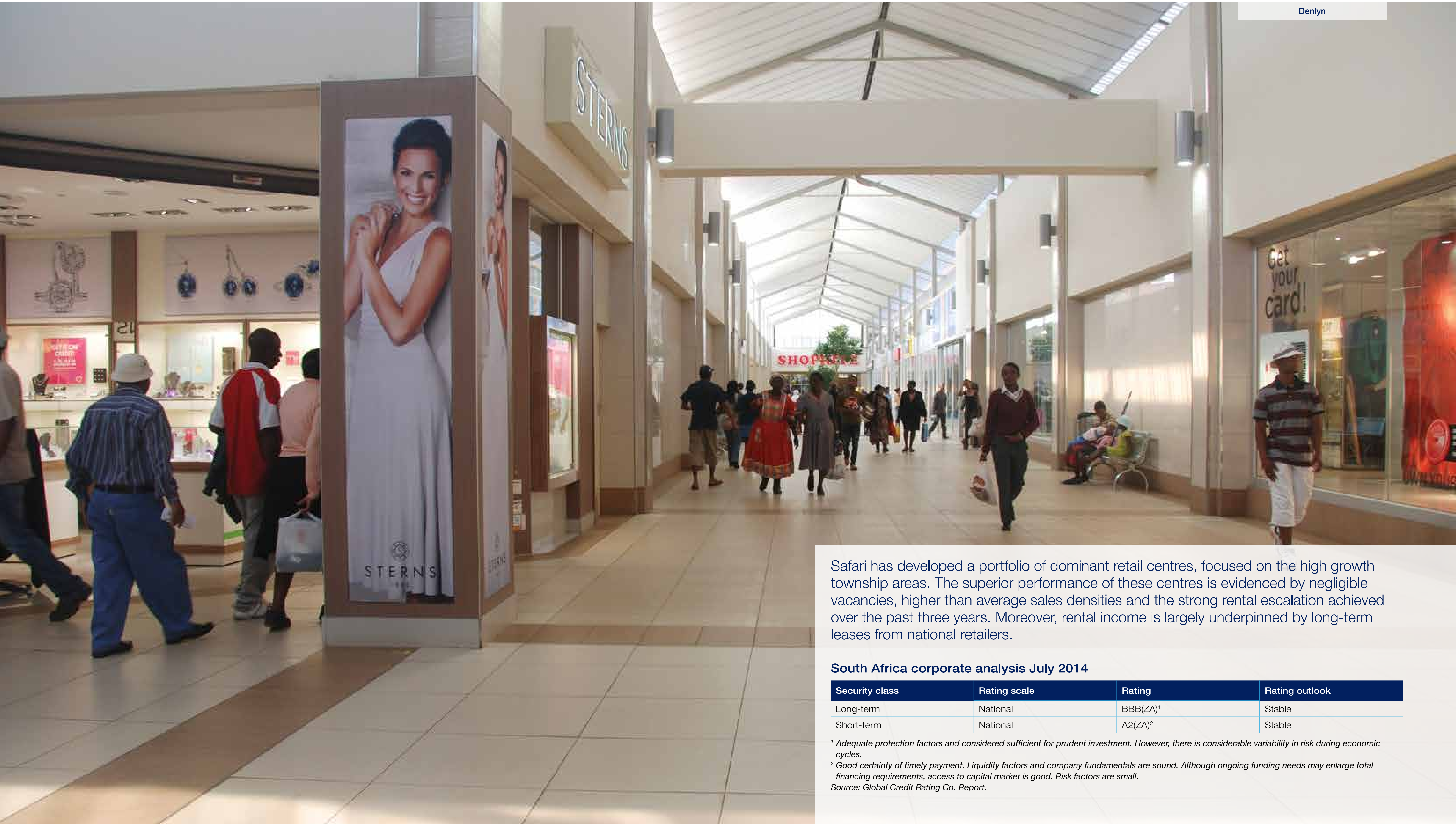
REIT taxation status

The group's status as a REIT entails, among others, the following tax consequences:

- The group will not pay capital gains tax on the disposal of immovable property, the disposal of shares in other REITs or the disposal of shares in property companies;
- The group may claim a tax deduction for qualifying dividends to its shareholders;
- Dividends distributed by the group to its resident shareholders are subject to normal tax (and exempt from dividends tax); and
- Dividends distributed to foreign shareholders are subject to dividends tax.

Safari's shares are listed as a REIT as defined in the JSE Listings Requirements.

New investment portfolio review



Denlyn

Safari has developed a portfolio of dominant retail centres, focused on the high growth township areas. The superior performance of these centres is evidenced by negligible vacancies, higher than average sales densities and the strong rental escalation achieved over the past three years. Moreover, rental income is largely underpinned by long-term leases from national retailers.

South Africa corporate analysis July 2014

Security class	Rating scale	Rating	Rating outlook
Long-term	National	BBB(ZA)[1]	Stable
Short-term	National	A2(ZA)[2]	Stable

[1] Adequate protection factors and considered sufficient for prudent investment. However, there is considerable variability in risk during economic cycles.

[2] Good certainty of timely payment. Liquidity factors and company fundamentals are sound. Although ongoing funding needs may enlarge total financing requirements, access to capital market is good. Risk factors are small.

Source: Global Credit Rating Co. Report.

Report of the investments by the executive committee

The executive committee prepared due diligence reports on a transaction basis and made recommendations to the board, which carried out the function of considering acquisitions and disposals.

The committee oversees the group's strategy of investment that is focused on:

- areas of high growth selected for all investment properties; and
- properties with redevelopment and turnaround potential.

The committee is satisfied that Safari delivered on the group strategy in the recent years of upgrading and redeveloping its properties. The committee is also satisfied that the quality of the investment portfolio was indeed improved, with all centres currently having above market average trading densities.

Centres operate at above market average trading densities. *For more information please see pages 10 to 13.*

Focus on areas of high growth and properties with REIT development potential

No new acquisitions were made during the financial year save for two vacant stands the company acquired adjacent to the Thabong centre; the board focused on the completion of the Atlyn South Block, the Thabong phase 3 and 3.1 extension, and the Maunde and Swakopmund developments.

Subsequent events

An investment committee was established at the end of the financial year and will review any future possible acquisitions and disposals.

The following new investments were approved by the board of Safari on recommendation by the investment committee during May 2015:

	Project	Project status	Budget approved R	Information
1	**Atteridgeville** Erf 9043, 9044, 9045	Approved	301 434 603	Construction of 20 553m² area with 16 705m² gross leasable area. Tenants would be Shoprite, Pick n Pay and Builders Express.
2	Platz am Meer	In progress	112 851 332	Budget increased from R462 327 464 to R575 006 176 (24%) and gross leasable area will increase to 27 000m² (33%). This proposal is to cater for tenant requirements and to improve on the percentage yield to be earned.
3	Denlyn	Approved	31 031 776	Addition of 1 243m² to accommodate Absa request to scale down and to add additional national fashion to strengthen the centre.
4	Soweto Day Hospital	Approved	27 600 000	Property size 1 912m², gross leasable area 1 379m² and ground floor parking of 1 438m², 20-bed day hospital. AAA lease agreement signed with Advanced: Health Limited.

Stands available for future investments

Name	Location	Cost at acquisition R	Market value R	Size m²	Ownership
Atteridgeville Erf 9043, 9044, 9045	Cnr Lengau, Thlou Lepogo and Church Streets	12 561 700	44 500 000	80 942	Freehold
Sebokeng Erf 95 and 86	Moshoeshoe Street Sebokeng	2 116 607	1 850 000	2 752	Freehold
Sebokeng Erf 103	Moshoeshoe Street Sebokeng	750 000	993 229	9 650	Freehold

New investments review

The following projects were approved by the board and are currently under construction or were recently completed.

	Project*	Project status	Budget approved R	Financial year ending 31 March 2015 R	31 March 2016 R	31 March 2017 R
1	Sebokeng – Thabong phase 3	Completed	109 000 000	83 072 000	–	–
2	Sebokeng – Thabong phase 3.1	In progress	79 000 000	44 261 380	34 038 620	–
3	Atteridgeville – Atlyn phase 4 + South Block	Completed	95 062 735	10 359 735	–	–
4	Atteridgeville – Maunde Street	In progress	126 700 000	85 349 946	22 650 054	–
5	Swakopmund – Waterfront phase 1	Completed	55 000 000	4 000 000	–	–
6	Swakopmund – Waterfront phase 2	In progress	407 154 844	115 700 034	210 000 000	81 454 810
7	Sebokeng – Thabong (Roots Repairs)	Completed	2 277 053	2 277 053	–	–
8	Heidelberg – The Victorian (PnP upgrade and Jordaan Street Bridge)	In progress	12 047 930	1 944 023	10 103 907	–
9	Sebokeng – Thabong (Acquisition of Erf 86 and 95)	Completed	2 168 407	2 168 407	–	–
	Total		888 410 969	349 132 578	276 792 581	81 454 810

* *Refer to note 28 in the annual financial statements for the total future capital commitments*

- Thabong phases 3 and 3.1 brought in an additional 13 500m² of gross leasable area (GLA) to the current retail space. Phase 3 was completed and opened at the end of November 2014; phase 3.1 (Pick n Pay) opened at the end of April 2015.
- Atlyn phase 4 and the South Block area were completed during November 2014 and added an additional 1 379m² to the GLA of the centre.
- The Maunde Street, Atteridgeville, development would be a stand-alone centre complementing the current Atlyn retail area. The 10 550m² additional GLA will bring the Atlyn node to 50 000m² and is currently under construction. The expected opening date for this centre is end of June 2015.
- The Swakopmund groundworks and earthworks were completed during August 2014 and the construction phase started immediately thereafter. The opening of the Platz am Meer development is set for April 2016.
- The board approved the upgrade of the Pick n Pay at The Victorian, as well as the extension of Jordaan Street in order to enhance the accessibility to the centre. The upgrade to Pick n Pay is set to commence during the 2016 financial year.
- The Roots Butchery at Thabong Centre in Sebokeng was partially burned down during October 2014. Safari repaired the building and successfully claimed the loss from its insurance policy.

Sustainability review

At Safari we strive for business operations that will improve the quality of life for communities surrounding our centres. We treasure our focus to identify areas of need where Safari is in a position to assist or contribute in our communities as we build a brighter future, together.

Report of the social and ethics committee

The social and ethics committee comprises four board members and an executive from the property portfolio managers, Cosmos Management CC. The committee ensures that the group carries out its business in a socially responsible manner to the benefit of the community and the environment where Safari operates. In addition the committee monitors the group's activities, taking into account any relevant legislation, other legal requirements and codes of best practice.

The committee believes that the industry in which Safari operates allows it to make a significant contribution to the community and environment. The committee is aware that if the group's operations are not managed properly in terms of social and ethical matters, this could have a negative impact on the environment and the community.

The committee is committed to ensuring that the business operations of Safari not only improve the quality of life of the people in the vicinity of its shopping centres by creating job opportunities and easy access to a first class shopping experience, but also identifies areas of need where Safari is in a position to assist or contribute.

Examples in the 2015 financial year include assistance or contributions to:

- Compass (Community Provision and Social Services);
- CSC North, which is a professional network of social workers;
- Holy Faith Ministries;
- Chrysalis pre-school, which provides support to children with a variety of disabilities;
- Lebohang Centre for children with a physical and mental disability;
- Boipoloko Stimulation Daycare Centre;
- Thokozane Rehabilitation Centre;
- Tshwane Urban Riders; and
- Mandela Day initiatives at schools and old age homes in the vicinity of the Safari shopping centres.

The committee monitors the group's activities to ensure an exceptional level of social responsibility

Committed to improve the quality of life of the people in the surrounding communities

Furthermore, Safari has a standing arrangement with an old age home in Mamelodi to sponsor a Christmas meal for the residents at the facility.

Safari determines the needs and requirements of the shoppers at its centres. A shopper survey is done on a relatively regular basis. Safari will then use the outcome of these surveys as a guide in its planning and operations. All the existing centres in the Safari portfolio have recently been upgraded and expanded and the community's input, as gathered in these surveys, played an important role in the planning of these upgrades and expansions.

The board of Safari approves an annual budget for donations and the social and ethics committee ensures that it is spent on worthy causes where it will be applied to the benefit of the community and/or the environment in which Safari operates its shopping centres.

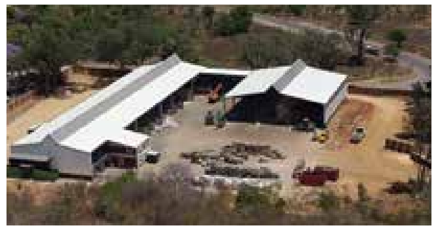
The social and ethics committee monitors the business practices of Safari and ensures that operations are carried out in an environmentally friendly and socially responsible manner. There is zero tolerance for corruption, and the necessity for transparency is of the utmost importance to the committee.

The committee will continue to report to the board on its activities and findings.

The Victorian

Environment, health and safety

The Waste Group



Environment

Safari draws on its expertise and experience to establish assets that have a positive impact on the environment and that are created in the interests of health and safety. The group relies on its talented people to focus on these aspects through innovation and research during the design and construction phases of projects.

Safari's centres are designed to utilise natural light and ventilation in the public areas. Unlike traditional malls, which are sealed off from the environment by air-conditioned corridors, the Safari centres breathe through their naturally ventilated open walkways. The Swakopmund development, for example, will take full advantage of its position in the climatically cool coastal zone by not having to introduce artificial cooling and air, but by absorbing natural ventilation through its internal walkways. Furthermore, the roof will allow natural light to filter through, illuminating the walkways during daytime and saving precious energy by reducing its dependence on the electricity grid.

Recycling of waste material is an important focus area

Recycling of waste materials is also an important focus area for Safari. Professional waste-sorting contractors have been appointed for the centres to ensure that the maximum amount of waste material is recycled.

Health and safety

Health and safety of employees and other stakeholders are of paramount importance to Safari and the property managers. The property managers ensure that operations are conducted with a view to health and safety. Fire-fighting equipment and certificates for ventilation systems and extraction units at the properties in the portfolio are up to date.

Social responsibility

Community Outreach Programme

Job creation

With job creation being a critical matter in South Africa, it is also a focus area of the group. Each centre manager keeps a register of those who have applied for jobs. Tenants are urged to consider these locals from the pool for possible vacancies. We also instruct our service providers, such as cleaning and security contractors, to employ suitable candidates from the surrounding communities.

During construction periods, the building contractor is encouraged by Safari to also employ people from the local community after giving them the necessary training. Jobs and skills are thus developed through the construction phases of Safari's centres. This has also proved to create good relations with the community and a positive attitude and sense of ownership from the people of the community towards the centre.

Employ suitable candidates from surrounding communities

Upgrading public facilities to create a relaxed and pleasant environment for the shoppers

Economic and social upliftment

Not only does the presence of Safari's shopping centres create jobs, it also provides a one-stop shopping destination for the community at large. People no longer have to travel to town for shopping, banking and entertainment, since Safari's centres offer an extensive variety of national fashion, food and banking brands. The result of this is more money in the pockets of the township's residents, which would otherwise be spent on transport to alternative shopping destinations. Safari also conducts regular shopper surveys to determine what the community's needs are. Revamps and expansions have been completed at all Safari's township centres and the feedback from these surveys played an integral role in the process. The revamps included upgrades to the public facilities and more benches and plants in the public areas where shoppers can relax in a pleasant environment. Play areas for children have also been added to the entertainment element of the centre.

Key stakeholders

Stakeholder	Stakeholder concerns	Means of engagement/addressing concern
Employees	• Fair remuneration • Safe work environment • Training and development • Career paths	• Good clear communication • Formal evaluations by management, peers and subordinates • Open door policy with all senior management • One-on-one meetings with human resources manager
Financiers	• Security • Ability to service debt • Credit quality of tenants	• Maintain good relationships with funding institutions • Regular meetings with senior management • Tenant credit ratings • Provision of financial information
Local communities and civil society	• Impact on infrastructure and access • Security and safety	• Quarterly newsletters and advertising • Sponsorship and promotion of community events and organisations • Support local charities • Involvement in community organisations and city improvement districts
Government, (national and local), municipalities and regulators	• Compliance with laws and regulations • Contribution to and management of infrastructure • Payment of taxes	• Filing annual tax returns • Regular meetings with relevant regulatory authorities • Staying up to date with the latest changes in legislation
Press and media	• Access to management and information	• Engage regularly with the media • Our website is updated on a regular basis
Shareholders and equity analysts	• Share price performance • Transparency of financial results and position • Access to group company secretary	• Group announcements published in the press, on SENS and posted on the company website • Results presented at every AGM • Monthly reviews of the shareholder register to identify changes in the group's shareholding • CEO and FD engage with financial media where appropriate • Communication with institutional shareholders and equity analysts • Executive directors and group company secretary are available to answer queries from shareholders For more information visit our website www.safari-investments.com
Shoppers	• Safe and secure shopping environment • Ease of access to centres • Convenience	• Shopping centre websites and social media platforms to be launched in 2015 • Dedicated on-site centre managers • Print media • Newsletters • Micro management of security and cleaning service providers • Maintenance at centres is an ongoing process and priority to our portfolio manager
Suppliers	• Reasonable payment terms • Equal opportunities	• Weekly meetings with top management of major service providers and suppliers • Service level agreements
Tenants	• Rental costs • Safety and security • Property maintenance • Location • Tenant mix • Marketing	• Property portfolio manager visits the centres on a monthly basis • On-site property management team available to tenants • Cost saving initiatives in respect of power and waste • Green building principles • Property maintenance and refurbishments • Trained security personnel

Consolidated annual financial statements

for the year ended 31 March 2015

Platz am Meer (illustration)

Contents

Directors' responsibilities and approval	42
Certificate of group company secretary	42
Independent auditor's report	43
Directors' report	44
Report of the audit and committee	47
Statement of financial position	48
Statement of comprehensive income	49
Statement of changes in equity	50
Statement of cash flows	51
Accounting policies	52
Notes to the consolidated annual financial statements	58

The group annual financial statements have been audited by Mazars. The financial director, Mr JZ Engelbrecht was responsible for the preparation of these audited financial statements, executed by the financial manager, Mr MC Basson.

Safari Investments RSA Limited and subsidiary
(Registration number 2000/015002/06)

Published: 24 June 2015

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statement fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the listings requirements of the JSE Limited and the Companies Act, No 71 of 2008. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the listings requirements of the JSE Limited and the Companies Act, No 71 of 2008 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and management is required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2016 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 43.

The consolidated annual financial statements, which have been prepared on the going concern basis, were approved by the board on 12 June 2015 and were signed on its behalf by:

FJJ Marais
Chief executive officer

JZ Engelbrecht
Executive financial director

Certificate of group company secretary

The group company secretary hereby certifies in accordance with section 82(2)(e) of the South African Companies Act, No 71 of 2008 that the group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed company and that all such returns are true, correct and up to date in respect of the financial year reported.

DC Engelbrecht
on behalf of Safari Retail Proprietary Limited
Group company secretary

Pretoria
12 June 2015

Independent auditor's report

To the shareholders of Safari Investments RSA Limited

We have audited the consolidated financial statements of Safari Investments RSA Limited and subsidiary set out on pages 48 to 85, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the listing requirements of the JSE Limited and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of Safari Investments RSA Limited as at 31 March 2015, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the listing requirements of the JSE Limited and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated financial statements for the year ended 31 March 2015 we have read the directors' report, the audit committee's report and the group company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Mazars
Registered Auditors
Partner: Susan Truter
Registered Auditor

12 June 2015
5 St Davids Place, Parktown, Johannesburg

Directors' report

The directors have pleasure in submitting their report on the annual financial statements of Safari and its subsidiary (Safari or the company) for the 12 months ending 31 March 2015.

Nature of business

Safari invests in quality income generating property and revenue is generated through rental income. There was no material change in the nature of the business during the financial year.

Events during and subsequent to the reporting period

Events during the financial period

The listing as a Real Estate Investment Trust (REIT) on the JSE on 7 April 2014 led to capital raised of R374 million. The funds raised through the listing were utilised to settle the outstanding bond after the 2014 year end. During the financial year Safari successfully increased the funding facility with Absa to R700 million, with the cost of debt at a lending rate of prime less 1,5% which will be utilised to fund the current approved capital projects.

In Sebokeng Safari purchased two stands adjacent to the Thabong centre for R2,1 million, which will be utilised as the tenant demand grows for further development. At Thabong the phase 3 development of 9 000m² gross leasable area was successfully completed on time and within the approved budget; trading commenced on 28 October 2014. The phase 3.1 extension of 4 500m² successfully opened on 27 March 2015. The Atlyn South Block extension, measuring a gross leasable area of 1 500m² was successfully completed on time and within budget and opened during December 2014.

Subsequent events

On 20 May 2015 the Safari board approved the following capital projects:

- The purchase of Erf 14475, Protea Glen, Soweto, and development of a 20-bed day hospital. The total investment will be R28 million and the AAA lease with a listed hospital group will commence on 1 November 2015. The expected yield for the project is 8,15% in year one;
- The development of a new shopping centre in Atteridgeville with a gross leasable area of 20 553m² to the value of R310 million. The expected opening date is April 2017. The expected yield for the project is 8,2% in year one;
- The Platz am Meer Development to be expanded by 5 500m² (34%), with an expansion value of R110 million (25%). The retail section of the project will open for trade during May 2016 and the 37 apartment's that will be sold will be completed during November 2017. The expansion will also increase the yield of the project from the approved 7,49% to 8,3% in year one; and
- The Denlyn centre will be expanded by 1 250m² at a cost of R31 million which will strategically improve the tenant mix of the centre.

The directors are not aware of any other material reportable events which occurred during and subsequent to the reporting period.

Accounting policies

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act. No 71 of 2008, SAICA's Financial Reporting Guide as issued by the Accounting Practices Committee and the listings requirements of the JSE Limited. The accounting policies have been applied consistently compared to those of the prior year.

Financial results and activities

The operating results and state of affairs of the company are fully set out in the attached consolidated annual financial statements.

The group recorded an operating profit, before investment revenue, fair value adjustments and finance costs for the year ended 31 March 2015, of R104 939 282 (2014: R78 884 503). This represents an increase of 25% year on year and is mainly due to the inclusion of the full-year profit from the Victorian Centre which was only consolidated for two months in 2014 (refer to note 27), as well as the completion and opening of expansions at the existing properties as per note 2 above.

The group's revenue increased by 15% to R140 433 022 compared with the previous year's R119 649 229. 2015's revenue includes twelve months' rental revenue from the Victorian Centre (compared to two months' in 2014) and five months' rental for the Thabong expansion and four months' rental for the Atlyn South Block. A 10% average escalation on lease agreements was achieved for the 2015 year. Operating costs reduced by R7 796 454 or 17% compared with the prior year.

Safari further managed a reduction in the group's gearing ratio from 20% to 17%, with the intention being to maintain the gearing ratio below 30%. The decrease in the gearing ratio is a result of the successful listing and capital raising of the company, as well as the high value of the properties owned. All outstanding debt was settled after the 2014 year end. The directors refer you to note 12 of the consolidated annual financial statements for details on the interest-bearing borrowings.

The fair value of the group's investment property increased by 26% to R1 737 745 309. The increase of R356 474 886 results from fair value adjustments of R114 589 608 and the expansions and additions of R243 968 283. Most of the properties' values are determined by the "discounted cash flow method" and are supported by Safari's 1% vacancy profile, 90% national tenants' occupation, positive lease expiry profile, 10% average escalations and the length of lease agreements. The net asset value per share decreased by 5% to 876 cents for the year, from 920 cents in 2014 as a result of more shares in issue.

Stated capital

Details of the stated capital are disclosed in note 10 to the consolidated annual financial statements.

Capital commitments

Refer to note 28 of the consolidated annual financial statements, where details of the capital commitments can be found.

Dividends

The distribution as required by the REIT regulations must be at least 75% of the distributable earnings. During 2015 Safari distributed 20 cents per share in July 2014, and 34 cents per share in December 2014. The total distribution declared was R91 800 000 or 100% of the distributable earnings; a nett payment of R73 540 758 was made to shareholders and R18 259 242 was converted to 2 282 405 shares, as per the shareholders' election.

Going concern

The directors are of the opinion that the group has adequate financial resources to continue its operations for the foreseeable future; accordingly, the consolidated annual financial statements have been prepared on a going-concern basis.

The group is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements for operational activities and capital commitments, as disclosed in note 28 of the financial statements. The directors are not aware of any material new changes that may adversely impact on the company, nor of any material non-compliance with statutory or regulatory requirements nor of any pending changes to legislation which may affect the group.

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors are not aware of any legal or arbitration procedures that are pending or threatening, that might have had, in the previous 12 months, a material effect on the group's financial position.

Auditors

Mazars continued in office as auditors for the group for 2015. During the financial year Susan Truter replaced Shaun Vorster as the designated audit partner for Safari.

At the AGM, the shareholders will be requested to delegate the responsibility of the appointment of the auditors to the audit committee.

New performance measures

In compliance with section 3.4(b)(vi) and 3.4(b)(vii) of the JSE Listings Requirements, and owing to the nature of the business conducted by Safari, being that of a Real Estate Investment Trust, the board of Safari has decided to adopt the "distribution per share" and "net asset value per share" measures for future trading statement purposes, as it is considered to be a more appropriate yardstick to measure the performance of Safari than "headline earnings per share" and "earnings per share".

Directors

The directors in office at the date of this report are as follows:

Name	Designation	Changes
JZ Engelbrecht	Executive financial director	Appointed on 26 February 2015
SJ Kruger	Non-executive director	
FJJ Marais	Chief executive officer	
M Minnaar	Independent non-executive director	
K Pashiou	Executive operational director	
PA Pienaar	Non-executive director	
JP Snyman	Independent non-executive director	
MH Tsolo	Independent non-executive chairman	
DE van Straten	Executive financial director	Resigned on 26 February 2015
JC Verwayen	Non-executive director	
AE Wentzel	Lead independent non-executive director	

All non-executive directors are appointed annually at the company's annual general meeting as directors on the terms and conditions approved by shareholders. None of the executive directors are subject to restraints of trade agreements. No person holds any preferential rights other than normal shareholder rights relating to the appointment of any particular director or number of directors.

Directors' report continued

Directors' interest in contracts

FJJ Marais is a member of Cosmos Management, Safari's property portfolio, and financial manager, director and shareholder of Safari Retail, which provides marketing, financial and secretarial functions.

K Pashiou, JA Verwayen and SJ Kruger are directors and shareholders of Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited, the portfolio development and procurement agent. FJJ Marais was a director up until 1 March 2015, when he resigned as a director from Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited. They are all experienced directors who have a clear understanding of their fiduciary duties as directors of Safari; their interests in Safari Developments are disclosed annually to the board of Safari. For the details of the contracts the directors refer you to note 30, reported under related parties.

Directors' remuneration and shareholding

The directors refer you to note 31 of the consolidated annual financial statements, where details of the directors' remuneration and shareholding can be found.

Secretary

The secretary of the group is Safari Retail, represented by DC Engelbrecht.

Business address 420 Friesland Avenue
Lynnwood
Pretoria
0081

Special resolutions

The following special resolution was passed during the year:

At the annual general meeting held on 30 July 2014

A non-binding advisory vote was passed with regard to remuneration to be paid by the company to the directors for the financial year ending 31 March 2015, as follows:

Directors' remuneration	2015 R	2014 R
Basic fee per quarter		
Chairman of the board	10 000	7 500
Chief executive officer *(CEO)*	10 000	7 500
Director	8 000	7 500
Attendance fees		
Board meetings *(chairman)*	10 000	6 000
Board and Exco meetings *(CEO)*	10 000	6 000
Board and Exco meetings *(directors)*	6 000	6 000
Committee meetings *(chairman and CEO)*	10 000	3 000
Committee meetings	6 000	3 000
Chairman of sub-committee	10 000	3 000
Ad hoc work		
Per hour	1 500	2 000

Directors' remuneration will be budgeted at not more than 1,5% of the gross rental income of the company.

Report of the audit committee

This report is provided by the audit committee appointed in respect of the 2015 financial year of Safari Investments (RSA) Limited.

Members of the audit committee

The members of the audit and risk committee are all independent non-executive directors of the company.

Name	Qualification	Experience
AE Wentzel *(chairman)*	CA(SA)	Allan has acted in various positions in commerce since 1975 and also as a consulting chartered accountant.
JP Snyman	BChD (Pret) Dental surgeon	Phillip has served on the boards of companies which are involved in both the medical and property market since 1978.
MH Tsolo	BSc MBChB (Natal) Medical practitioner	Molupe is the non-executive chairman of the company. He has served on the boards of other investment companies since 1987.

The committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011.

Mr JZ Engelbrecht, the CFO of Safari, has replaced Mr DE van Straten as executive financial director with effect from 25 February 2015. The committee has considered and is satisfied with the experience of Mr Engelbrecht as executive financial director. For the 2015 financial period, until the aforementioned appointment, the CFO and FD were assisted by employees of the company's service providers, Cosmos Management CC and Safari Retail Proprietary Limited who have CA(SA) qualifications.

Meetings held by the audit and risk committee

The audit committee performs the duties as prescribed by section 94(7) of the Companies Act of South Africa by holding meetings with the key roleplayers on a regular basis and by granting unrestricted access to the external auditors. For detailed information regarding the meetings held during the year please refer to page 25.

External auditor

The committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act of South Africa that internal governance processes within the firm support and demonstrate the claim to independence.

The audit committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

Financial statements and reports

Following the review of:

- the interim financial statements at 30 September 2014, which were reviewed by the external auditors; and
- the annual financial statements at 31 March 2015,

the audit committee recommended board approval of the statements listed above.

Accounting practices and internal control

The company contracts its property, financial management and accounting functions to Safari Retail and Cosmos Management. The audit committee monitors the internal control systems employed. In addition, the committee monitors the corporate governance of the company, to ensure it complies with the Companies Act, the JSE Listings Requirements and King III. No significant accounting practices or internal control measurement changes occurred during the year that required the attention of the audit committee.

The audit committee interviewed all the key employees of the service providers and is satisfied that Dirk Engelbrecht is qualified and competent to act as the group company secretary. A written assessment has been done in this regard and submitted to the board in order to discharge its duties in terms of the JSE Listings Requirements 3.84(i).

Risk

The audit committee considers the risk that could affect the company and reports any risk to the board. In addition, the committee ensures that the company has appropriate insurance cover both for the nature of the risk and the quantum of the risk.

On behalf of the audit committee:

AE Wentzel
Chairman: Audit committee

Pretoria
5 June 2015

Statement of financial position

as at 31 March 2015

	Note	2015 R	2014 R
Assets			
Non-current assets			
Investment property	3	1 706 427 026	1 347 869 135
Fair value of investment property		1 737 745 309	1 379 152 614
Operating lease asset		(31 318 283)	(31 283 479)
Intangible assets	4	25 575	86 051
Operating lease asset	5	26 475 073	29 038 286
		1 732 927 674	1 376 993 472
Current assets			
Inventories	6	36 632 037	19 017 144
Trade and other receivables	7	8 691 904	3 991 090
Operating lease asset	5	4 843 210	2 245 193
Current tax receivable	26	5 933 521	5 211 759
Cash and cash equivalents	8	8 768 143	125 702 738
		64 868 815	156 167 924
Total assets		1 797 796 489	1 533 161 396
Equity and liabilities			
Equity			
Equity attributable to equity holders of parent			
Stated capital	10	1 031 570 468	644 152 383
Retained income		477 850 234	362 823 335
		1 509 420 702	1 006 975 718
Shares paid for and issuable		–	104 365 747
		1 509 420 702	1 111 341 465
Liabilities			
Non-current liabilities			
Interest bearing borrowings	12	197 319 609	–
Deferred tax	13	16 678 024	15 021 170
		213 997 633	15 021 170
Current liabilities			
Loans from shareholders	11	–	4 439 687
Interest bearing borrowings	12	66 073 147	381 070 518
Trade and other payables	14	8 305 007	11 246 935
Other financial liabilities	15	–	10 041 621
		74 378 154	406 798 761
Total liabilities		288 375 787	421 819 931
Total equity and liabilities		1 797 796 489	1 533 161 396

Statement of profit or loss and other comprehensive income

for the year ended 31 March 2015

	Note	2015 R	2014 R
Revenue	17	140 433 022	119 649 229
Property revenue		140 398 218	112 412 548
Operating lease		34 804	7 236 681
Other income		2 663 181	5 188 649
Operating expenses		(38 156 921)	(45 953 375)
Profit before investment revenue, fair value adjustments and finance costs	18	104 939 282	78 884 503
Investment revenue	19	600 382	153 463
Fair value adjustment	20	114 589 608	62 386 713
Gross fair value adjustments		114 624 412	69 623 393
Operating lease		(34 804)	(7 236 681)
Finance costs	21	(9 417 667)	(28 045 988)
Profit before taxation		210 711 605	113 378 691
Taxation	22	(3 884 706)	8 862 832
Profit for the year		206 826 899	122 241 523
Other comprehensive income		–	–
Total comprehensive income for the year		206 826 899	122 241 523
Earnings and diluted earnings per share	23	122	129

Statement of changes in equity

for the year ended 31 March 2015

	Share capital/ stated capital R	Share premium R	Total share capital R	Equity portion of shareholder loans R	Retained income R	Shares paid for and issuable R	Total equity R
Balance at 1 April 2013	724 904	291 993 069	292 717 973	75 791 144	240 581 812	–	609 090 929
Profit for the year	–	–	–	–	122 241 523	–	122 241 523
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	122 241 523	–	122 241 523
Proceeds of shares issued	43 893	30 330 077	30 373 970	–	–	–	30 373 970
Re-allocated to stated capital	322 323 146	(322 323 146)	–	–	–	–	–
Issue of shares: Shareholders' loans conversion	193 917 543	–	193 917 543	(75 791 144)	–	–	118 126 399
Issue of shares: Business combination	128 400 014	–	128 400 014	–	–	–	128 400 014
Capital raising fee	(1 257 117)	–	(1 257 117)	–	–	(1 478 927)	(2 736 044)
Issue of shares: Listing on the JSE	–	–	–	–	–	105 844 674	105 844 674
Total contributions by and distributions to owners of company recognised directly in equity	643 427 479	(291 993 069)	351 434 410	(75 791 144)	–	104 365 747	380 009 013
Balance at 1 April 2014	644 152 383		644 152 383		362 823 335	104 365 747	1 111 341 465
Profit for the year	–	–	–	–	206 826 899		206 826 899
Other comprehensive income	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	206 826 899	–	206 826 899
Capital raising through JSE listing	374 562 748	–	374 562 748	–	–	(104 365 747)	270 197 001
Capital raising fee on shares paid for in the prior year and issued in the current year	(1 478 927)	–	(1 478 927)	–	–	–	(1 478 927)
Capital raising fee on shares paid for and issued in the current year	(3 924 978)	–	(3 924 978)	–	–	–	(3 924 978)
Shares issued through capitalisation dividend	18 259 242	–	18 259 242	–	–	–	18 259 242
REIT distribution	–	–	–	–	(91 800 000)	–	(91 800 000)
Total contributions by and distributions to owners of company recognised directly in equity	387 418 085	–	387 418 085	–	(91 800 000)	(104 365 747)	191 252 338
Balance at 31 March 2015	1 031 570 468	–	1 031 570 468	–	477 850 234	–	(1 509 420 702)
Notes	10	10	10	11		10	

Statement of cash flows

for the year ended 31 March 2015

	Note	2015 R	2014 R
Cash flows from operating activities			
Cash generated from operations	24	79 707 319	67 315 940
Interest income	19	600 382	153 472
REIT distribution paid	25	(73 540 758)	–
Finance costs	21	(9 417 667)	(25 991 844)
Tax paid	26	(2 949 614)	(10 783 431)
Net cash from operating activities		(5 600 338)	30 694 137
Cash flows from investing activities			
Additions of investment property	3	(243 967 283)	(103 359 644)
Purchase of other intangible assets	4	–	(86 051)
Business combinations	27	–	104 002
Net cash from investing activities		(243 967 283)	(103 341 693)
Cash flows from financing activities			
Proceeds on share issue	10	264 793 096	133 482 601
Proceeds from interest bearing borrowings	12	872 078 389	604 474 391
Repayment of interest bearing borrowing	12	(989 756 151)	(561 894 000)
(Repayment of)/proceeds from other financial liabilities	15	(10 041 621)	10 041 621
Proceeds from shareholders' loan	11	–	10 885 476
Repayment of shareholders' loan	11	(4 439 687)	–
Net cash from financing activities		132 634 026	196 990 089
Total cash movement for the year		(116 934 595)	124 342 533
Cash at the beginning of the year		125 702 738	1 360 205
Total cash at the end of the year	8	8 768 143	125 702 738

Accounting policies

1. Presentation of consolidated annual financial statements

The consolidated annual financial statements of Safari Investments RSA Limited and its subsidiary have been prepared in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the listings requirements of the JSE Limited and the Companies Act, No 71 of 2008. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties at fair value, and incorporate the principal accounting policies set out below. They are presented in South African rands.

These accounting policies are consistent with the previous period.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the group and its subsidiary as at 31 March 2015. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, all rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The results of the subsidiary are included in the consolidated annual financial statements from the effective date that control was acquired to the effective date that control is disposed of or lost.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

The acquiree's identifiable assets, liabilities and contingent liabilities which meet the recognition conditions of IFRS 3: Business Combinations are recognised at their fair values at acquisition date.

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables is calculated on an individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the individual receivable.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. The rebuttable presumption that the investment properties are expected to be recovered through sale has not been rebutted. Refer note 13 – Deferred tax.

The group was listed as a Real Estate Investment Trust (REIT) on the JSE Limited on 7 April 2014 and accordingly the manner of the realisation of deferred tax has been taken into account accordingly.

Safari Investments RSA Limited as a REIT does not have a formal distribution policy for the foreseeable future. As such assumptions cannot be made that the distributions made to the shareholders of the company will exceed the taxable income of the company. Therefore the deferred tax has been provided on the following in accordance with IAS 1: Income Taxes:

- Straight-lining of operating leases;
- Income received in advance; and
- Capital allowances previously deducted before listing as a REIT on the JSE and therefore a future recoupment for tax purposes on sale of investment properties.

Safari Investments RSA Limited converted to a REIT, with effect from 7 April 2014, resulting in capital gains taxation no longer being applicable on the sale of investment property in terms of section 2588 of the Income Tax Act. The deferred tax rate applied to investment property at the sale rate will therefore be 0%. Consequently, no deferred tax was raised on the fair value adjustments on investment property.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Fair value of investment property

The valuation of the property has been carried out by the valuer who has considered all aspects of all the properties, including:

- the current economy;
- nature of the property;
- locality;
- tenancy;
- risk profile;
- forward rent and earning capability;
- exposure to future expenses and property risk;
- tenancy income capability; and
- property expenditure.

The value thus indicates the fair market values for the properties.

The calculation of the market values of the improved properties or the proposed development has been based on income capitalisation, making use of market rental rates and capitalisation rates.

The vacant land has been valued on the "direct comparable basis".

The discounted cash flow has, however, been calculated for developed property as the only method of valuation in order for the capitalised value to be calculated and is consistent with market norms and expectations.

The "highest and best use" has been considered when determining the market value of the existing buildings, those in the "process of development" as well as the "vacant land".

The considerations for the capitalised valuations are as follows:

- Calculating the forward cash flow of all contractual and other income from the property;
- Calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for future capital expenditure to which the property may be exposed; and
- The current area vacancy as a percentage of the property net leasable area (NLA).

The valuer has also deducted percentages of the net annual income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting.

Fair value determination in business combinations

IFRS 3 requires all assets, liabilities and contingent liabilities to be measured at fair value when accounting for business combinations. The group makes use of various valuation methodologies in determining these fair values, including the use of reputable independent valuers. Valuations are inherently subjective, and require use of judgement.

Heidelberg acquisition – Judgement was applied in determining that the acquisition of Heidelberg was a business combination and not simply an acquisition of investment property, a determining factor was that the Heidelberg property is a lease business enterprise.

Assessment of structured entities

In assessing the relationship with key entities to Safari, it was determined that Safari Developments Pretoria Proprietary Limited, Safari Developments Swakopmund Proprietary Limited and Safari Retail Proprietary Limited are unconsolidated structured entities due to their revenue being generated wholly from the Safari Group, whether directly or indirectly. The entities are not considered to be controlled by Safari.

Accounting policies continued

1. Presentation of consolidated annual financial statements continued

1.2 Significant judgements and sources of estimation uncertainty continued

Inventory

30% of Erf 71 is recognised as inventory. The reason for the classification as inventory is that the development on this part of the property will be sold as either a hotel or residential units.

The net realisable value of inventory has been valued by an independent external valuer, who has considered all aspects of the inventory, including:

- the current economy;
- nature of the property;
- locality;
- risk profile; and
- cost to sell inventory.

The inventory has been valued using the "direct comparable method" and recognised at the higher of cost and net realisable value less cost to sell in terms of IAS 2.

Operating lease straight-lining

Included in the lease smoothing calculations are lease agreements with escalation terms linked to the Consumer Price Index (CPI). The escalation terms state that the annual escalation will be equal to the CPI percentage, but limited to 7% per annum. The lease smoothing calculations were done on the assumption that the escalation will be 7% in the future, as the future CPI escalation percentage is not available.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

The group has elected not to capitalise borrowing costs as investment property is measured at fair value.

Fair value

Subsequent to initial measurement investment property is measured at fair value, adjusted for straight-line lease income adjustment.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

Investment property is externally valued on an annual basis. External independent professional valuers, with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued, are used for external valuations.

Derecognition

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of profit or loss and other comprehensive income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

30% of Erf 71 Swakopmund is recognised as inventory. The reason for the classification as inventory is that the development on this part of the property will be sold as residential units.

1.4 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Amortisation is provided to write down the intangible assets, on a straight-line basis as follows:

Item	Useful life
Computer software	1 year
Website	3 years

Derecognition

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

1.5 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, less transaction costs to sell.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans from shareholders

These financial liabilities are classified as financial liabilities at amortised cost.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Subsequent recoveries of amounts previously written off are recognised in profit or loss.

Trade and other payables

Trade and other payables are classified as financial liabilities at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are classified as loans and receivables.

Borrowings

Borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

The group has elected not to capitalise borrowing costs to investment property measured at fair value.

Other financial liabilities

Other financial liabilities are classified as financial liabilities at amortised cost. Other financial liabilities that are classified as current are measured at the undiscounted amount of the cash or other consideration expected to be paid.

Effective interest rate

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on the instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the ne tcarrying amount of the instrument.

Accounting policies continued

1. Presentation of consolidated annual financial statements continued

1.6 Tax

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as an operating lease.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

The accrued operating lease income straight-lining adjustment is recognised as an asset in the statement of financial position. The current portion of the operating lease asset is the portion of the accrued operating lease income straight-lining adjustment that will reverse in the next financial year.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed within revenue in profit or loss.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the construction process.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Ordinary shares paid for and issued are recognised as stated capital.

Ordinary shares fully paid for but not yet issued are classified as equity within the statement of changes in equity.

1.10 Revenue

The group earns revenue from the rental of the investment property and recoveries of property expenses.

Revenue from rental agreements is recognised in accordance with the accounting policy for operating leases.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for rental and recoveries in the normal course of business and net of value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.11 Borrowing costs

All other borrowing costs are recognised as an expense in the period in which they are incurred.

The group has elected not to capitalise borrowing costs to investment property measured at fair value.

1.12 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker. The segment's assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The group's operating segments are reported based on the location of every property within the group.

The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in the financial statements.

The group classifies the following main segments (shopping centres), which is consistent with the way in which the group reports internally:

- Atlyn (Atteridgeville);
- Denlyn (Mamelodi);
- Thabong (Sebokeng);
- The Victorian (Heidelberg); and
- Namibia.

1.13 Earnings per share

The group presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

The calculation of headline earnings per share is based on the net profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited and Circular 2 of 2013.

1.14 Related parties

A related party, in the case of the group, is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity').

(a) A person or a close corporation of that person's family is related to the group if that person:
   i) has control or joint control over the group;
   ii) has significant influence over the group; or
   iii) is a member of the key management personnel of the group or of a parent of the group.

(b) An entity is related to the group if any of the following conditions applies:
   i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii) The entity is controlled or jointly controlled by a person identified in (a); or
   iv) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

The related parties of the group consist of companies with common directorship, trusts with directors acting as trustees, close corporations with directors acting as members and a wholly owned subsidiary.

The majority of capitalised development costs are transacted with related parties. Bookkeeping and administration services are rendered by related parties. Refer to note 30.

Notes to the consolidated annual financial statements

for the year ended 31 March 2015

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has not adopted any new standards and interpretations as none were relevant or effective for the current financial year and that are relevant to its operations:

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2015 or later periods:

IFRS 9: Financial Instruments

IFRS 9 replaces IAS 39: Financial Instruments: Recognition and Measurement (IAS 39) and is effective for annual periods beginning on or after 1 January 2018. The new standard does away with the rule-based classifications previously seen under IAS 39 and, in its stead, requires principle-based classifications which are driven by cash flow characteristics of the instrument and the group business model. The measurement classes for financial instruments under the new standard comprise amortised cost, fair value through profit or loss and fair value through other comprehensive income.

The standard also incorporates a forward-looking 'expected loss' impairment model, which is a departure from the 'incurred loss' model applied previously under IAS 39. The forward-looking model includes credit risk assessments from the date of initial recognition using probability weighted outcomes. Where forward-looking information is not available, there is a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. A three stage approach is used to recognise expected credit losses: stage 1 – 12-month expected credit losses, stage 2 – lifetime expected credit losses, stage 3 – credit impaired lifetime expected credit losses. The standard also incorporates hedge accounting requirements which are more aligned with risk management activities than under the largely rule-based approach of IAS 39.

The group is in the process of assessing the impact of the new standard on the classification and measurement of its financial instruments. The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2018.

IAS1: Presentation of Financial Statements

As part of a major initiative to improve presentation and disclosure in financial reports, designed to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements, such as the following:

- Materiality consideration; and
- Line items in the Statement of Financial Position and Statement of Comprehensive income can be aggregated or disaggregated as relevant.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

It is unlikely that the amendments will have a material impact on the group's consolidated annual financial statements.

Amendment to IFRS 8: Operating Segments: Annual improvements project

Management are now required to disclose the judgements made in applying the aggregation criteria. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

A reconciliation of the reportable segments' assets to the entity's is only required if the segment assets are reported in accordance with paragraph 23.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated annual financial statements, as no aggregation is applied yet.

Amendment to IAS 24: Related Party Disclosures: Annual improvements project

The definition of a related party has been amended to include an entity, or any member of a group of which it is a part, which provides key management personnel services to the reporting entity or to the parent of the reporting entity (management entity). Disclosure is required of payments made to the management entity for these services but not of payments made by the management entity to its directors or employees.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

The impact of this amendment is currently being assessed.

Amendment to IFRS 13: Fair Value Measurement: Annual improvements project

The amendment clarifies that references to financial assets and financial liabilities in paragraphs 48 – 51 and 53 – 56 should be read as applying to all contracts within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, regardless of whether they meet the definitions of financial assets or financial liabilities in IAS 32: Financial Instruments: Presentation.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

The impact of this amendment is currently being assessed.

Amendment to IAS 40: Investment Property: Annual improvements project

The amendment requires an entity to determine whether the acquisition of investment property is the acquisition of an asset or a business combination, in which case the provisions of IFRS 3: Business Combinations apply.

The effective date of the amendment is for years beginning on or after 1 July 2015.

The group expects to adopt the amendment for the first time in the 2016 consolidated annual financial statements.

The impact of this amendment is currently being assessed.

IFRS 15: Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11: Construction Contracts; IAS 18: Revenue; IFRIC 13: Customer Loyalty Programmes; IFRIC 15: Agreements for the Construction of Real Estate; IFRIC 18: Transfers of Assets from Customers; and SIC 31: Revenue – Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January 2017.

The group expects to adopt the standard for the first time in the 2018 consolidated annual financial statements.

The impact of this standard is currently being assessed.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

3. Investment property

	2015			2014		
	Valuation R	Accumulated depreciation R	Carrying value R	Valuation R	Accumulated depreciation R	Carrying value R
Investment property	1 706 427 026	–	1 706 427 026	1 347 869 135	–	1 347 869 135

Reconciliation of investment property – 2015

	Opening balance R	Additions R	Fair value adjustments (refer to note 20) R	Operating lease straight-lining asset (refer to note 5) R	Total R
Investment property	1 347 869 135	243 968 283	114 624 412	(34 804)	1 706 427 026

Reconciliation of investment property – 2014

	Opening balance R	Additions R	Additions through business combinations (refer to note 27) R	Fair value adjustments (refer to note 20) R	Operating lease straight-lining asset (refer to note 5) R	Total R
Investment property	1 054 912 557	103 359 644	127 210 222	69 623 393	(7 236 681)	1 347 869 135

Details of property

	2015 R	2014 R
Sebokeng		
Erf 103 measuring 9 643m²		
Erf 104 measuring 9 643m²		
Erf 105 measuring 10 000m²		
Erf 106 measuring 9 643m²		
Erf 74995 measuring 51 061m²		
Sebokeng Unit 10 Ext 1:		
Retail shopping centre		
Purchase price: Land	7 739 352	5 622 745
Purchase price: Buildings	1 637 432	1 637 432
Additions since purchase or valuation	293 292 426	180 962 979
Fair value adjustments	67 447 397	77 476 844
	370 116 607	265 700 000

3. Investment property continued

Details of property continued

	2015 R	2014 R
Mamelodi		
Erf 19265 Mamelodi measuring 4 849m²		
Erf 40827 Mamelodi Ext 13 measuring 75 539m²		
Erf 40827 is a consolidated property made up out of previous erven measuring 35 380m², 40 327m² and 40 326m² (portion 1), Mamelodi Ext 1:		
Retail shopping centre		
Purchase price: Land	18 525 223	18 525 223
Purchase price: Buildings	173 985 181	173 985 181
Additions since purchase or valuation	214 133 436	213 573 974
Fair value adjustments	123 756 160	105 615 622
	530 400 000	511 700 000
Atteridgeville		
Erf 16248 Atteridgeville Ext 25 measuring 64 926m²		
Erf 16248 is a consolidated property made up out of erven 15232, 15233 and 15234, Atteridgeville Ext 25:		
Retail shopping centre		
Purchase price: Land	11 378 895	11 378 895
Purchase price: Buildings	194 735 170	194 735 170
Additions since purchase or valuation	118 409 265	107 589 095
Fair value adjustments	70 576 670	59 396 840
	395 100 000	373 100 000
Atteridgeville		
Erf 9043 measuring 69 068m²		
Erf 9044 measuring 8 401m²		
Erf 9045 measuring 3 472m²		
Atteridgeville Ext 5:		
Vacant land		
Purchase price: Land	12 561 700	12 561 700
Fair value adjustments	31 938 300	15 768 300
	44 500 000	28 330 000
Atteridgeville		
Remainder of Portion 294, Farm Pretoria Town and Townlands 351, Maunde Street Atteridgeville Ext 45, measuring 26 141m²:		
Property under development		
Purchase price: Land	4 000 000	4 000 000
Additions since purchase or valuation	91 790 360	16 759 050
Fair value adjustments	21 609 640	(11 609 050)
	117 400 000	9 150 000

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

3. Investment property continued

Details of property continued

	2015 R	2014 R
Heidelberg		
Portion 1 and portion 3 of Erf 3523 measuring 34 000m²		
Ext 19 Heidelberg Township:		
Retail shopping centre		
Acquisition through business combination	132 413 561	132 413 561
Additions since business combination	2 388 397	379 126
Fair value adjustments	7 698 042	2 207 313
	142 500 000	135 000 000

Subsidiary property

	2015 R	2014 R
Swakopmund, Namibia		
Erf 14 measuring 1 636m²		
Erf 15 measuring 1 529m²		
Erf 16 measuring 1 866m²		
Erf 67 measuring 1 910m²		
Erf 68 measuring 3 469m²		
Erf 69 measuring 522m²		
Erf 71 measuring 20 239m² (Being 70% of total square metres of 29 041) Swakopmund, Erongo Region, Registration division G:		
Property under development		
Purchase price: Land	16 000 000	16 000 000
Additions since purchase or valuation	66 301 669	25 199 653
Transferred to inventory	(9 374 000)	(9 374 000)
Fair value adjustments	64 801 033	24 346 961
	137 728 702	56 172 614
Total fair value of investment property	1 737 745 309	1 379 152 614

Certain investment property is held as security for mortgage bonds and the bank facility.

The value of encumbered property is as follows:

- The first continuing covering mortgage bond (CCMB) of R182 000 000 over Erf 16248 Atteridgeville Ext 25;
- The first joint CCMB of R482 000 000 over Erf 19265 Mamelodi and Erf 40827 Mamelodi Ext 13 and Erven 103, 105, 106 and 74995 Sebokeng Unit 10 Ext 1; and
- Portion 1 and Portion 3 of Erf 3523 Heidelberg Extension 19 ranking first for an amount of R100 000 000 (one hundred million rands) and an additional amount to secure interest and costs, charges and disbursements due to the Bank if it exercises any right under the mortgage bond (limited to 20% of the aforesaid amount).

Direct operating costs (including repairs and maintenance), relating to the investment property that generated rental income during the period, of R30 786 301 (2014: R36 509 321) included in profit or loss.

Direct operating costs (including repairs and maintenance), relating to the investment property that did not generate rental income during the period, of R4 980 871 (2014: R9 444 053) are included in profit or loss.

3. Investment property continued

Details of valuation

The effective date of the valuations was 31 March 2015. Valuations were performed by an independent valuer, Mr WJ Hewitt, Professional Valuer NDPV, CIEA, FIVSA, MRICS, Appraiser, of Messrs Mills Fitchet. Mills Fitchet is not connected to the company and has recent experience in the location and categories of the investment property being valued.

The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totalling R1 555 516 607 (2014: R1 285 500 000) was based on the discounted cash flow method. The following assumptions were used in respect of:

Discount rate: 14% (2014: 14,5%)
Capitalisation: 8% (2014: 8,5%)

The valuation of investment property (Erf 9043, 9044, 9045 Atteridgeville Ext 5 and remainder of portion 294, Farm Pretoria Town and Townlands 351 and the subsidiary's property), totalling R182 228 100 (2014: R93 652 614) was based on the direct comparable method. This method was used as the erven identified above are new stands purchased during 2013, which are not yet income earning (not yet generating cash flow).

These assumptions are based on current market conditions.

See note 1.2. – Significant judgements and sources of estimation uncertainty – Fair value of investment property for inputs and basis of valuations used.

These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13. There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned above.

Information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 March 2015 R	Fair value at 31 March 2014 R	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Erf 16248, Atteridgeville Ext 25	395 100 000	373 100 000	Discounted cash flow	Capitalisation rate	8,0% – 10,5% (8,0%)	The lower the cap. rate the higher the value
Erf 19265 and Erf 40827 Mamelodi Ext 13	530 400 000	511 700 000	Discounted cash flow	Capitalisation rate	8,0% – 10,5% (8,0%)	The lower the cap. rate the higher the value
Erf 103, Erf 104, Erf 105, Erf 106 and Erf 74995, Sebokeng Unit 10 Ext 1	370 116 607	265 700 000	Discounted cash flow	Capitalisation rate	8,0% – 10,9% (8,0%)	The lower the cap. rate the higher the value
Portion 1 and portion 3 of Erf 3523, Heidelberg Ext 19	142 500 000	135 000 000	Discounted cash flow	Capitalisation rate	8,3% – 10,4% (8,25%)	The lower the cap. rate the higher the value
Erf 9043, Erf 9044 and Erf 9045, Atteridgeville Ext 5	44 500 000	28 330 000	Direct comparable method	Price per m²	R550/m²	The higher the rate/m² the higher the value
Remainder of Portion 294, Farm Pretoria Town and Townlands, Maunde Street, Atteridgeville Ext 45	117 400 000	9 150 000	Discounted cash flow	Capitalisation rate	8,0% – 10,5% (8,0%)	The lower the cap. rate the higher the value
Erf 14, Erf 15, Erf 16, Erf 68, Erf 69, Erf 70 and Erf 71 Swakopmund	137 728 702	56 172 614	Direct comparable method	Price per m²	N\$300/m² – N\$3 500/m²	The higher the rate/m² the higher the value
	1 737 745 309	1 379 152 614				

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

3. Investment property continued

Details of valuation continued

Reconciliation of Level 3 fair value measurements

	Erf 16248, Atteridgeville Ext 25 R	Erf 19265 and Erf 40827 Mamelodi Ext 13 R	Erf 103 Erf 104 Erf 105 Erf 106 and Erf 74995 Sebokeng Unit 10 Ext 1 R	Portion 1 and portion 3 of Erf 3523 Heidelberg Ext 19 R	Erf 14, Erf 15 Erf 16, Erf 68 Erf 69, Erf 70 and Erf 71, Swakopmund R	Erf 9043 Erf 9044 and Erf 9045, Atteridgeville Ext 5 R	Remainder of Portion 294 Farm Pretoria Town and Townlands Maunde Street Atteridgeville Ext 45 R	Total R
Fair value adjustment opening balance	59 396 840	105 615 622	77 476 844	2 207 313	24 346 961	15 768 300	(11 609 050)	273 302 830
Fair value adjustment in 2015	11 179 830	18 140 538	(10 029 447)	5 490 729	40 454 072	16 170 000	33 218 690	114 624 412
Fair value adjustment closing balance	70 576 670	123 756 160	67 447 397	7 698 042	64 801 033	31 938 300	21 609 640	387 827 242

4. Intangible assets

	2015			2014		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Computer software	51 951	(51 951)	–	51 951	–	51 951
Website	34 100	(8 525)	25 575	34 100	–	34 100
Total	86 051	(60 476)	25 575	86 051	–	86 051

Reconciliation of intangible assets – 2015

	Opening balance R	Amortisation R	Total R
Computer software	51 951	(51 951)	–
Website	34 100	(8 525)	25 575
	86 051	(60 476)	25 575

Reconciliation of intangible assets – 2014

	Opening balance R	Additions R	Total R
Computer software	–	51 951	51 951
Website	–	34 100	34 100
	–	86 051	86 051

Other information

Intangible assets have been acquired at the end of the previous financial year and as such no amortisation had been recognised in the prior year.

5. Operating lease asset

	2015 R	2014 R
Non-current assets	26 475 073	29 038 286
Current assets	4 843 210	2 245 193
	31 318 283	31 283 479
Movement can be reconciled as follows:		
Balance at the beginning of the year	31 283 479	18 843 458
Movement during the year	34 804	7 236 682
Business combination: lease smoothing asset acquired	–	5 203 339
	31 318 283	31 283 479
The future minimum lease payments receivable under non-cancellable leases are as follows:		
Future minimum lease payments receivable:		
– no later than one year	139 770 598	109 614 149
– later than one year but not later than five years	286 429 627	258 131 479
– later than five years	85 950 945	27 076 474
	512 151 170	394 822 102

The average lease terms are for three to ten years and the average effective escalation rate is from 7% to 10% per annum.

Some national tenants are also billed for turnover rental which is based on their audited annual turnover.

Total turnover rental recognised as income in the period is R4 561 794 (2014: R3 388 154).

6. Inventories

	2015 R	2014 R
Opening balance	19 017 144	15 665 620
Capitalisation of costs	17 614 893	–
Costs incurred	–	3 351 524
	36 632 037	19 017 144

30% of Erf 71, Swakopmund, Erongo Region, Registration division G, measuring 8 712m^2, being residential units to be erected and constructed on the land, that will be available for sale in the ordinary course of business.

7. Trade and other receivables

	2015 R	2014 R
Financial asset		
Trade receivables	1 092 562	103 787
Other receivables	246 752	121 667
Non-financial asset		
Value added tax	7 115 067	2 077 303
Municipal deposits	67 927	67 287
Heidelberg municipal clearance account	–	1 447 169
Prepaid expenses	169 596	173 877
	8 691 904	3 991 090

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

7. Trade and other receivables continued

Trade and other receivables pledged as security

No trade and other receivables balances were pledged as security for any of the group's liabilities.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is determined to be fully recoverable as they are within the terms of credit.

The credit quality of trade and other receivables that are neither past due nor impaired is assessed by reference to historical information about counterparty default rates.

Fair value of trade and other receivables

The directors consider the carrying amount of trade and other receivables to approximate their fair values, due to the relatively short-term nature thereof.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than one month past due are not considered to be impaired unless the debtor has a history of non-payment. At 31 March 2015 R326 255 (2014: R86 992) was past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2015 R	2014 R
60 days	173 256	60 511
90 days and over	152 999	26 481

Trade and other receivables impaired

As of 31 March 2015, trade and other receivables of R110 659 (2014: R29 334) were impaired directly to the statement of profit or loss and other comprehensive income.

8. Cash and cash equivalents

	2015 R	2014 R
Cash and cash equivalents consist of:		
Bank balances	7 398 084	2 978 929
Short-term deposits	1 247 945	6 727 368
Listing funds' bank account*	122 114	115 996 441
	8 768 143	125 702 738

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate the fair value.

**The listing funds' bank account is exclusively for shareholders' deposits for the funds raised during the listing process. The funds received in this account were utilised to settle the interest bearing borrowings after the listing date of 7 April 2014. The balance remaining in the account is due to unpaid cheques on the December 2014 REIT distribution and the account requires a minimum account balance of R25 000.*

9. Financial assets by category

	Loans and receivables R	Total R
The accounting policies for financial instruments have been applied to the line items below:		
2015		
Trade and other receivables	1 339 314	1 339 314
Cash and cash equivalents	8 768 143	8 768 143
	10 107 457	10 107 457
2014		
Trade and other receivables	225 454	225 454
Cash and cash equivalents	125 702 738	125 702 738
	125 928 192	125 928 192

10. Stated capital

	2015	2014
Authorised		
500 000 000 (2014: 500 000 000) no par value ordinary shares	–	–
Reconciliation of number of shares issued:		
Reported at the beginning of the year	120 864 827	72 490 371
Listing on JSE 7 April 2014 (at R7,52 per share)	27 048 673	–
Listing on JSE 7 April 2014 (at R7,80 per share)	6 500	–
Listing on JSE 7 April 2014 (at R7,60 per share)	80 000	–
Listing on JSE 7 April 2014 (at R7,75 per share)	22 000 000	–
Capitalisation dividend (at R8,00 per share)	2 282 443	–
Issue of shares (at R6,92 per share)	–	4 389 302
Conversion of shareholders' loan accounts	–	26 910 684
Issue of shares through business combination	–	17 074 470
	172 282 443	120 864 827

2015: On 7 April 2014 Safari Investments RSA Limited listed on the JSE as a Real Estate Investment Trust with 170 000 000 shares, a total rand value of R374 562 748. Of the 170 000 000 shares, 17 075 090 shares were paid for and issuable as at 31 March 2014 to the value of R105 844 674. On 12 December 2014 a capitalisation dividend of R0,34 per share was declared resulting in 2 282 443 additional shares listed due to capitalisation option elected at R8,00 per share.

The transaction costs of raising the capital on listing and capitalisation dividend amounted to R5 403 905 and have been set off against the amount received for the capital. R1 478 927 of these costs accrued and were paid for in the prior year and R3 924 978 of these costs accrued and were paid for in the current year.

	2015	2014
Issued		
172 282 443 (2014: 120 864 827) no par value ordinary shares	1 031 570 468	644 152 383

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

11. Loans from shareholders

	2015 R	2014 R
Current liability	–	(4 439 687)
The loans were unsecured and interest free. A portion of the loans was converted to ordinary shares at a value of R6,92 per share in August 2013. 26 910 684 ordinary shares were issued. The remaining shareholder loans were paid out 30 days after the listing date (7 May 2014). The repayment of the loans was financed by the capital raised through the listing on 7 April 2014.		
Fair value		
Loans from shareholders	–	(4 439 687)
2014: The loans are included at amortised cost at year end. The loans will be repaid 30 days after the listing date, therefore repayment will take place before or on 7 May 2014. Fair value was calculated using a discount rate of 8%.		
The movement can be reconciled as follows:		
Opening balance	4 439 687	111 900 200
Loan amounts received	–	10 885 476
Loan conversion to shares	–	(118 126 399)
Repayment of shareholders' loans	(4 439 687)	–
Unwinding of discounting	–	2 054 144
Profit on conversion of shareholders' loans	–	(2 273 734)
	–	4 439 687

As at 31 March 2013 there was an accumulated discounting adjustment to equity of R75 791 144 resulting from the initial recognition of loans from shareholders at fair value. On 6 August 2013 the majority of the shareholders' loans were converted to 26 910 684 ordinary shares, as such the accumulated discounting adjustment to equity was converted to stated capital in 2014.

12. Interest bearing borrowings

	2015 R	2014 R
Held at amortised cost		
Facility 2 – Absa Bank Limited	263 392 756	381 070 518

Secured loan accruing interest at the prime bank overdraft rate less 1,5% (2014: prime bank overdraft rate less 1%) (2015: 7,75%/2014: 8%) at year end. The loan is repayable over the next 41 months with an instalment of R6 768 880, which is subject to an annual escalation of 6% on 1 January each year.

The facility was settled in full on 8 April 2014 from funds raised through the listing of the group as a Real Estate Investment Trust on the JSE, new funds were drawn down subsequently to this.

Secured by certain investment property as per note 3.

Total facility available: R700 000 000.

Cash received during the 2015 financial year from the interest bearing borrowings: R872 078 389.

Cash repayment during the 2015 financial year on the interest bearing borrowings: R989 756 151.

12. Interest bearing borrowings continued

	2015 R	2014 R
Non-current liabilities		
At amortised cost	197 319 609	–
Current liabilities		
At amortised cost	66 073 147	381 070 518
	263 392 756	381 070 518
Fair value of the financial liabilities carried at amortised cost		
Bank facility	263 392 756	381 070 518

The directors consider the carrying amount of bank loans to approximate their fair values as the interest rates associated with these bank loans are considered to be market related.

13. Deferred tax

	2015 R	2014 R
Deferred tax liability consists of:		
Taxable deposits	(437 670)	–
S24C allowance on taxable deposits	437 670	–
Operating lease asset	(7 312 184)	(7 302 439)
Income received in advance	846 108	660 497
Capital allowances on investment property	(10 211 948)	(8 379 229)
Total deferred tax liability	(16 678 024)	(15 021 171)
Reconciliation of deferred tax liability		
At the beginning of the year	(15 021 170)	(33 987 788)
Reversal of capital gains tax due to Real Estate Investment Trust status	–	29 398 534
Originating and reversing temporary differences on income received in advance	185 610	(26 417)
Originating and reversing temporary differences on operating lease asset	(9 745)	(2 026 270)
Originating and reversing temporary differences on capital allowances for investment property	(1 832 719)	(8 379 229)
Originating and reversing temporary differences on taxable deposits	(437 670)	–
Originating and reversing temporary differences on S24C allowance on taxable deposits	437 670	–
	(16 678 024)	(15 021 170)

14. Trade and other payables

	2015 R	2014 R
Financial liabilities		
Trade payables	1 376 253	4 918 722
Tenant deposits received	3 906 940	3 174 186
Other payables	–	795 108
Non-financial liabilities	–	–
Income received in advance	3 021 814	2 358 919
	8 305 007	11 246 935

Fair value of trade and other payables

Trade payables will be paid within 12 months, no interest is levied on late payments and therefore discounting has not been taken into consideration. The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature thereof.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

15. Other financial liabilities

The balance consisted of funds received as an oversubscription of shares that were not issued upon the listing on 7 April 2014 and as such, the full amount of R10 041 621 was repaid in the 2015 financial year.

16. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost R	Total R
2015		
Interest bearing borrowings	263 392 756	263 392 756
Trade and other payables	5 283 193	4 862 914
	268 675 949	268 255 670
2014		
Interest bearing borrowings	381 070 518	381 070 518
Other financial liabilities	10 041 621	10 041 621
Loans from shareholders	4 439 687	4 439 687
Trade and other payables	8 888 016	8 888 016
	404 439 842	404 439 842

17. Revenue

	2015 R	2014 R
Rental income	135 592 727	109 065 643
Straight-line lease income adjustment	34 804	7 236 681
Costs recovered	4 805 490	3 346 905
	140 433 022	119 649 229

18. Profit before investment revenue, fair value adjustments and finance costs

Profit before investment revenue, fair value adjustments and finance costs for the year is stated after accounting for the following:

	2015 R	2014 R
Amortisation of intangible assets (refer to note 4)	60 476	–
Directors' emoluments (excluding other fees (refer to note 31)	1 797 502	2 111 122
Profit on conversion of shareholders' loans (refer to note 11)	–	(2 273 734)
Profit through business combination (refer to note 27)	–	(1 924 192)
Cleaning	4 377 918	4 389 918
Security	4 437 354	4 457 304
Rates and taxes	511 514	6 113 840
Centre management	3 448 092	3 449 378
Repairs and maintenance	2 414 243	14 342 823
	17 047 099	30 666 454

19. Investment revenue

	2015 R	2014 R
Interest revenue		
Bank	575 283	127 372
Interest charged on trade and other receivables	25 099	26 091
	600 382	153 463

20. Fair value adjustments

	2015 R	2014 R
Investment property	114 624 412	69 623 393
Operating lease straight-lining asset	(34 804)	(7 236 681)
	114 589 608	62 386 712

21. Finance costs

	2015 R	2014 R
Borrowings	9 417 667	25 991 844
Discounting – shareholders' loans	–	2 054 144
	9 417 667	28 045 988

22. Taxation

	2015 R	2014 R
Major components of the tax expense		
Current		
Local income tax – current period	2 378 185	10 103 786
Deferred		
Reversal of capital gains tax due to Real Estate Investment Trust status	–	(29 398 534)
Originating and reversing temporary differences on income received in advance	(185 610)	26 417
Originating and reversing temporary differences on operating lease asset	9 745	2 026 271
Originating and reversing temporary differences on capital allowances on investment property	1 832 719	8 379 229
Originating and reversing temporary differences on taxable deposits	437 670	–
Originating and reversing temporary differences on S24C allowance on taxable deposits	(437 670)	–
	1 656 854	(18 966 617)
	3 884 706	(8 862 831)

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.	%	%
Applicable tax rate	28,00	28,00
Non-deductible expenses	0,08	1,62
Non-taxable fair value adjustments	(15,23)	(15,51)
Reversal of deferred tax on fair value adjustments on investment property due to REIT status	–	(28,27)
Assessed loss on Safari Investments Namibia not recognised	1,19	6,88
REIT distribution deductible for tax	(12,20)	–
	1,84	(7,28)

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

23. Earnings per share

	2015 R	2014 R
Earnings used in the calculation of basic earnings per share (profit after tax)	206 826 899	122 241 523
Ordinary shares in issue at year end	172 282 443	120 864 827
Weighted average number of ordinary shares	169 733 035	94 808 385
Headline earnings	92 237 291	28 532 084
Headline earnings per share (cents)	54	30
Diluted headline earnings per share (cents)	54	30
Basic and diluted earnings per share (cents)	122	129
Headline earnings reconciliation		
Basic earnings (profit after tax)	206 826 899	122 241 523
Gains and losses from the adjustment to the fair value of non-current assets	(114 589 608)	(62 386 713)
Reversal of tax effect of gains and losses from the adjustment to the fair value of investment property due to REIT status	–	(29 398 534)
Profit through business combination	–	(1 924 192)
Headline earnings	92 237 291	28 532 084

24. Cash generated from operations

	2015 R	2014 R
Profit before taxation	210 711 605	113 378 691
Adjustments for:		
Amortisation of intangible assets	60 476	–
Interest received – investment	(600 382)	(153 472)
Finance costs	9 417 667	25 991 844
Fair value adjustments	(114 589 608)	(62 386 713)
Movements in operating lease assets and accruals	(34 804)	(7 236 682)
Profit through business combination	–	(1 924 192)
Discounting on shareholders' loan	–	2 054 144
Profit on loan conversion	–	(2 273 734)
Changes in working capital:		
Inventories	(17 614 893)	(3 351 523)
Trade and other receivables	(4 700 814)	495 295
Trade and other payables	(2 941 928)	2 722 282
	79 707 319	67 315 940

25. REIT distribution paid

	2015 R	2014 R
Balance at the beginning of the year	–	–
Interim profit distribution (20 cents per share)	(34 000 000)	–
Final profit distribution (34 cents per share)	(39 540 758)	–
Capitalisation of profit distribution (R8,00 per share)	(18 259 242)	–
Balance at the end of the year	–	–
	(91 800 000)	–

REIT distributions are from operational profits.

R73 540 758 was paid in cash to shareholders, the remaining balance of R18 259 242 was settled by means of a capitalisation dividend on 12 December 2014.

26. Tax paid

	2015 R	2014 R
Balance at the beginning of the year	5 211 759	4 532 114
Current tax for the year recognised in profit or loss	(2 227 852)	(10 103 786)
Balance at the end of the year	(5 933 521)	(5 211 759)
	(2 949 614)	(10 783 431)

27. Business combinations

	2015 R	2014 R
Aggregated business combinations		
Investment property	–	127 210 222
Operating lease asset	–	5 203 339
Trade and other receivables	–	79 326
Cash and cash equivalents	–	104 002
Interest bearing borrowings	–	(918 097)
Trade and other payables	–	(1 354 586)
	–	130 324 206
Consideration paid		
Equity – 17 074 470 Safari Investments RSA Limited shares at R7,52 per share	–	(128 400 014)
Profit through business combination	–	(1 924 192)
	–	(130 324 206)
Net cash inflow on acquisition		
Cash acquired	–	104 002

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

27. Business combinations continued

Details of business combination

With effect from 15 January 2014 the group acquired the Heidelberg property on which The Victorian retail centre is located for an aggregate amount of R130 324 206 less assumed debt in the amount of R2 272 683. The net consideration paid amounted to R128 400 014 and was settled through the issuance of 17 074 470 Safari Investments RSA Limited shares as consideration. The shares were issued to Safari Heidelberg Proprietary Limited on the date of registration of the freehold title to the Heidelberg property into the name of Safari Investments RSA Limited at an issue price of R7,52 per group share. The Heidelberg property was transferred into the name of the company on 28 February 2014. The assumed liability has been settled by the company utilising excess cash. The business combination was done prior to the listing, to contribute to the property portfolio of the listed group. A gain on bargain purchase was made as the shareholders were receiving shares in Safari Investments as compensation that held a potential appreciation in future, due to the potential listing.

Fair value of assets and liabilities acquired through business combination

Investment property: Please refer to note 1.2 Significant judgements and sources of estimation uncertainty – Fair value of investment property and note 3 for details of fair valuation methods and inputs.

Operating lease asset: The operating lease asset was valued at the accumulated operating lease straight-lining adjustments from existing and continuing lease agreements.

Trade and other receivables: The balance was comprised of accounts which were neither past due nor impaired. The directors considered the carrying amount of trade and other receivables to approximate their fair values, due to the relatively short-term nature thereof. The carrying amount is equal to the gross contractual value. Management expects to receive the full carrying amount in cash after year end.

Cash and cash equivalents: The balance was comprised of cash on hand and bank balances. Cash was only deposited with major banks with high quality credit standing and as such the directors consider the carrying value to approximate the fair value.

Interest bearing borrowings: The balance was measured at amortised cost taking into account the future interest rate and repayment terms and as such the directors consider the carrying value to approximate the fair value.

Trade and other payables: The balance was measured at amortised cost taking into account the future interest rate and repayment terms. The directors considered the carrying amount of trade and other payables to approximate their fair values, due to the relatively short-term nature thereof.

Equity consideration: The fair value of the stated capital issued as consideration was determined with reference to the net asset value of the group as at 15 January 2014, date of acquisition.

	2015 R	2014 R
Revenue and profit or loss of the acquiree since the acquisition date		
Revenue	–	310 737
Profit or (loss)	–	1 898 275
	–	2 209 012
Revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for the business combination that occurred during the year had been as of the beginning of the annual reporting period		
Revenue	–	14 105 658
Profit or (loss)	–	20 833 912
	–	34 939 570

28. Commitments

	2015 R	2014 R
Authorised capital expenditure		
Contracted development to be utilised by 31 March 2016		
Already contracted for but not provided for		
– Atteridgeville shopping mall – Extensions	–	7 497 000
– Sebokeng phase 3 shopping mall – Extensions	34 038 620	161 372 000
– Maunde Street, Atteridgeville	22 650 054	107 300 000
– Swakopmund, Namibia	210 000 000	302 438 000
	266 688 674	578 607 000
Not yet contracted for and authorised by directors	–	–
Heidelberg – The Victorian	10 103 907	–
	10 103 907	–

This committed expenditure relates to investment property and inventory and will be financed by the available Absa Bank Limited facility in note 12. The commitments listed in the note above were all approved in terms of the business plan presented at the AGM held on 5 November 2013. Projects listed were approved subject to the following conditions:

- No project will be undertaken unless adequate equity has been raised in order not to jeopardise the group's favourable gearing ratio. The listing as a Real Estate Investment Trust on the JSE on 7 April 2014, led to capital raised of R374 million;
- For any construction to commence, directors' approval needs to be obtained; and
- The group's gearing ratio is to be managed at all times to prevent over exposure to bond debt and interest.

29. Contingencies

As at prior year year-end potential shareholders committed to the purchase of shares to the value of R268 720 047 contingent upon the listing of the group as a Real Estate Investment Trust on the JSE, which occurred on 7 April 2014. As at 7 April 2014 all capital funding had been received. All shares were issued on 7 April 2014.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

30. Related parties

Relationships

Subsidiaries	Safari Investments Namibia Proprietary Limited
Common directorship/trusteeship/membership	Safari Hold Proprietary Limited Francois Marais Trust Safari Retail Proprietary Limited Safari Developments Pretoria Proprietary Limited Safari Developments Swakopmund Proprietary Limited Matla Quantity Surveyors Proprietary Limited Pretoria Ooginstituut Beleggings Proprietary Limited Mitja Investments No 23 Proprietary Limited Laritza Investments No 171 Proprietary Limited Fifo Investments CC Pace Construction Proprietary Limited Fanus Kruger Trust KA Pashiou Trust Vasiliki Loizides Trust Juliette Snyman Trust Thabo Investments Corporation Proprietary Limited Jannie & Adri Verwayen Trust Dream World Investments 77 Proprietary Limited Nyeleti Investment Trust DE van Straten Family Trust
Close corporations controlled by common director: FJJ Marais	Cosmos Management CC MDM Architects CC Fanus Kruger Consulting CC

	2015 R	2014 R
Related party balances		
Loan accounts – owing to related parties		
Shareholders	–	(4 439 687)
Amounts included in trade receivable (trade payable) regarding related parties		
Common directorship	–	(1 085)
Related party transactions		
Services rendered by/purchases from related parties		
Safari Developments Pretoria Proprietary Limited	186 084 854	95 017 419
Safari Developments Swakopmund Proprietary Limited	58 716 909	11 171 748
Safari Retail Proprietary Limited	2 372 869	664 269
Matla Quantity Surveyors Proprietary Limited	–	204 630
The Roofing Guarantee Company Proprietary Limited	–	35 187
Close corporations controlled by common director		
Cosmos Management CC	235 919	185 094
MDM Architects CC	85 755	89 291
Fanus Kruger Consulting CC	226 139	–
Management and accounting fees paid to related parties	4 298 261	3 556 863

Note: All transactions with related parties are at contractually agreed rates as approved by the shareholders.

30. Related parties continued

Common directorship, membership and shareholding related to material related parties balances and transactions:
Common directorship and shareholding

Safari Developments Pretoria Proprietary Limited (SDP)

- FJJ Marais (25%) resigned 1 March 2015
- K Pashiou (25%)
- JC Verwayen (25%)
- SJ Kruger (25%)

Common membership and shareholding

Cosmos Management CC

- FJJ Marais (40%)

Service provided by material related parties:

Cosmos Management CC:

Cosmos Management CC provides bookkeeping and property facility management services to Safari. The whole of Safari's property portfolio is managed by Cosmos Management CC. For Safari's 2015 financial period, Cosmos Management CC's revenue comprises the following:

- 91% of revenue received was for property facility management and bookkeeping services, while the remaining 9% of its revenue was earned from various other bookkeeping clients.

Safari Retail Proprietary Limited:

The total revenue for Safari Retail Proprietary Limited (Retail) for the financial year ending 31 March 2015 derived from Safari Investments RSA Limited (Safari or company) amounted to R2 266 464. This was only 26% of Retail's total revenue. The services rendered in terms of an agreement entered into between Retail and the company were for secretarial and administration services at a cost of 0,4% of the company's annual turnover amounting to R564 085 and for the secondment of a chief financial officer or financial director at a cost of 0,4% of the company's annual turnover amounting to R564 085. Retail was also contracted to render marketing and letting services to the company for its existing centres and the fees relating to these services were R1 138 293. These fees are calculated on the basis of SAPOA rates whereby Retail charges 50% of the SAPOA rates for anchor tenants and 65% for any other tenants. Retail finances its activities through its business operations.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

30. Related parties continued

Service provided by material related parties continued:

Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited:

Various development agreements were entered into between Safari Investments RSA Limited (Investor) and Safari Developments Pretoria Proprietary Limited (Developer), and in Namibia Safari Developments Swakopmund Proprietary Limited. Safari Investments RSA Limited provides the necessary funds to cover the development cost on projects accepted by the Investor. The agreed upon development cost will be paid over to the Developer by way of progress payments as agreed by the Investor and Developer. Once the project is complete, the Developer will hand the project over to the investor.

The following table summarises the carrying values recognised in the statement of financial position of Safari Investments RSA Limited's interest in Safari Developments Pretoria Proprietary Limited and in Namibia, Safari Developments Swakopmund Proprietary Limited, as of 31 March 2015:

Project	Contract value R	Maximum exposure to losses* R	Contractor	Type of agreement	Progress at 31 March 2015 %
Atlyn South Block	95 062 735	–	Safari Developments Pretoria Proprietary Limited	Turnkey development	100
Sebokeng 3 and 3.1	190 277 053	62 774 928	Safari Developments Pretoria Proprietary Limited	Turnkey development	66
Maunde Street	126 700 000	45 612 000	Safari Developments Pretoria Proprietary Limited	Turnkey development	64
Swakopmund	462 154 844	360 480 778	Safari Developments Swakopmund Proprietary Limited	Turnkey development	22
Heidelberg	12 047 930	10 120 261	Safari Developments Pretoria Proprietary Limited	Turnkey development	16
	886 242 562	478 987 967			

** The maximum exposure to losses disclosure was calculated based on the remaining portion of the total contract value*

The risks associated with these projects are mitigated by the following:

- The property is transferred into the name of Safari RSA Limited prior to the commencement of the project;
- Construction progress payments are made as per the registered quantity surveyor's progress report; and
- All costs incurred relating to the project are incurred to improve the property and consequently Safari's value.

31. Directors' emoluments

	Directors' fees R	Consulting fees R	Committees fees R	Total R
Short-term directors' emoluments				
2015				
SJ Kruger	64 000	12 000	–	76 000
FJJ Marais	100 000	–	100 000	200 000
M Minnaar	72 000	–	66 000	138 000
K Pashiou	72 000	–	54 000	126 000
PA Pienaar	72 000	7 500	54 000	133 500
JP Snyman	66 000	–	42 000	108 000
MH Tsolo	100 000	–	80 000	180 000
DE van Straten	69 333	99 000	42 000	210 333
JC Verwayen	72 000	–	18 000	90 000
AE Wentzel	72 000	4 500	90 000	166 500
JZ Engelbrecht**	568 752	–	6 000	574 752
	1 328 085	123 000	552 000	2 003 085

	Directors' fees R	Gains on exercise of options R	Consulting fees R	Other fees* R	Total R
Short-term directors' emoluments					
2014					
SJ Kruger	96 719	111 000	27 000	–	234 719
FJJ Marais	114 809	225 000	59 000	588 696	987 505
M Minnaar	102 719	–	–	–	102 719
K Pashiou	108 749	76 125	42 000	–	226 874
PA Pienaar	45 000	75 000	–	–	120 000
JG Prinsloo	46 609	–	–	–	46 609
JP Snyman	105 749	–	–	–	105 749
MH Tsolo	90 659	–	–	–	90 659
DE van Straten	108 779	–	–	–	108 779
JC Verwayen	129 929	103 500	114 000	–	347 429
AE Wentzel	105 779	120 000	103 000	–	328 779
	1 055 500	710 625	345 000	588 696	2 699 821

* *Other fees include directors' remuneration from associated companies of the group, that provide management or advisory services to the group*

** *JZ Engelbrecht's total remuneration was R1 308 667 which includes the amount paid as part of the secondment agreement with Safari Retail Proprietary Limited*

There are no benefits, such as travel allowances, medical or pension benefits or share options.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

31. Directors' emoluments continued

Directors' shareholding

Directors' shareholding (indirect and direct) as at year end:

	2015 %	2014 %
JZ Engelbrecht (2015: 51 009 shares; 2014: 0 shares)	0,03	–
SJ Kruger (2015: 1 492 449 shares; 2014: 1 793 063 shares)	0,87	1,05
FJ Marais (2015: 7 285 203 shares; 2014: 6 883 074 shares)	4,23	4,05
M Minnaar (2015: 1 240 418 shares; 2014: 1 247 315 shares)	0,72	0,73
K Pashiou (2015: 9 303 897 shares; 2014: 6 900 576 shares)	5,40	4,06
PA Pienaar (2015: 2 875 034 shares; 2014: 1 802 572 shares)	1,67	1,06
JP Snyman (2015: 770 541 shares; 2014: 770 541 shares)	0,45	0,45
MH Tsolo (2015: 142 303 shares; 2014: 142 303 shares)	0,08	0,08
DE van Straten (2015: 341 018 shares; 2014: 641 018 shares)	0,20	0,38
JC Verwayen (2015: 1 512 424 shares; 2014: 954 904 shares)	0,88	0,56
	14,53	12,42

Apart from the shares allocated to directors through the listing, there has been no change in the directors' shareholding in the group from the date of the financial year end up until the approval of this report by the board.

May include indirect beneficial interest, held through a shareholder which is a company or close corporation.

Service contracts

No service contracts with the directors exist.

32. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital by maintaining a good balance between debt and equity finance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 11 and 12, cash and cash equivalents disclosed in note 8, and equity as disclosed in the statement of financial position amounting to R1 294 963 224 (2014: R1 065 278 687).

REIT distribution to a minimum of 75% of taxable income will be distributed every year as per the REIT requirements and legislation.

The group's strategy is to maintain a gearing ratio of below 40%.

The gearing ratio at 2015 and 2014 respectively was as follows:

	Note	2015 R	2014 R
Total borrowings			
Loans from shareholders	11	–	4 439 687
Interest bearing borrowings	12	263 392 756	381 070 518
Other financial liabilities	15	–	10 041 621
		263 392 756	395 551 826
Less: Cash and cash equivalents	8	8 768 143	125 702 738
Net debt		254 624 613	269 849 088
Total equity		1 509 420 702	1 111 341 465
Total capital		1 764 045 315	1 381 190 553
Gearing ratio (%)		17	20

32. Risk management continued

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The group is not exposed to foreign exchange risk. The only cross border transactions which occur within the group are with the group's subsidiary located in Namibia.

The exchange rate is: 1 South African rand = 1 Namibian dollar.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R	Between 1 and 2 years R	Between 2 and 5 years R
At 31 March 2015			
Trade and other payables	5 283 193	–	–
Interest bearing borrowings	82 444 958	87 391 656	129 841 045
At 31 March 2014			
Local guarantees	5 441 761		
Other financial liabilities	10 041 621		
Trade and other payables	5 361 479		
Interest bearing borrowings	381 070 518		
Loans from shareholders	4 439 687		

Interest rate risk

The group's interest rate risk arises from long-term bank borrowings at variable interest rates (therefore cashflow risk) and shareholder loans (effective interest, therefore fair value risk). Borrowings issued at fixed rates expose the group to fair value interest rate risk and borrowings issued at variable rates expose the group to cashflow rate risk.

At 31 March 2015, if interest rates on rand-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been R918 170 (2014: R2 442 357) lower, mainly as a result of higher interest expense on floating rate borrowings.

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

32. Risk management continued

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The credit quality of tenants is assessed by taking into account their financial position, past experience and performing a credit verification before a property is let. The group only lets property to tenants who are considered to be creditworthy. In addition, the trade receivables age analysis is reviewed on a daily basis with the intention of minimising the group's exposure to bad debts. Deposits or bank guarantees are also held in most instances to further minimise the group's exposure to bad debts. Trade receivables that are neither past due nor impaired are considered to be of high credit quality accompanied by an insignificant default rate.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015 R	2014 R
Financial instrument		
Trade and other receivables	1 339 314	225 454
Cash and cash equivalents	8 768 143	125 702 738

33. Net asset value per share

	2015 R	2014 R
Total assets	1 797 796 489	1 533 161 396
Total liabilities	(288 375 787)	(421 819 931)
	1 509 420 702	1 111 341 465
Ordinary shares in issue	172 282 443	120 864 798
Net asset value per share (cents)	876	920
Tangible net asset value (cents)	876	920

34. Subsequent events

On 20 May 2015 the Safari board approved the following capital projects:

- The purchase of Erf 14475, Protea Glen, Soweto, and development of a 20-bed day hospital. The total investment will be R28 million and the AAA lease with a listed hospital group will commence on 1 November 2015. The expected yield for the project is 8,15% in year one;
- The development of a new shopping centre in Atteridgeville with a gross leasable area of 20 553m^2 to the value of R310 million. The expected opening date is April 2017. The expected yield for the project is 8,2% in year one;
- The Platz am Meer Development to be expanded by 5 500m^2 (34%), with an expansion value of R110 million (25%). The retail section of the project will open for trade during May 2016 and the 37 apartment's that will be sold will be completed during November 2017. The expansion will also increase the yield of the project from the approved 7,49% to 8,3% in year one; and
- The Denlyn centre will be expanded by 1 250m^2 at a cost of R31 million which will strategically improve the tenant mix of the centre.

The directors are not aware of any other material reportable events which occurred during and subsequent to the reporting period.

35. Segmental reporting

The group classifies the following main segments, which is consistent with the way in which the group reports internally:

- Atteridgeville
- Mamelodi
- Sebokeng
- Heidelberg
- Namibia

Segment results, net assets, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

35. Segmental reporting continued

	Atteridgeville R	Mamelodi R	Sebokeng R	Heidelberg R	Namibia R	Reconciliation R	Total R
31 March 2015							
Turnover (external)	38 390 897	54 391 189	32 010 715	15 752 326	96 627		140 433 022
Reportable segment profit before investment revenue, fair value adjustments and finance costs	30 802 065	45 431 053	25 328 874	11 324 237	(531 382)		112 354 848
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs						(7 415 566)	(7 415 566)
Profit before investment revenue, fair value adjustments and finance costs							104 939 282
Segment assets and liabilities							
Segment assets	557 027 113	530 413 169	370 393 792	142 575 742	140 731 951		1 741 141 767
Unallocated assets						56 654 722	56 654 722
Total assets	557 027 113	530 413 169	370 393 792	142 575 742	140 731 951	56 654 722	1 797 796 489
Segment liabilities	2 116 216	3 244 136	2 355 681	642 514	–		8 358 546
Unallocated liabilities						280 017 241	280 017 241
Total liabilities	2 116 216	3 244 136	2 355 681	642 514	–	280 017 241	288 375 787
Other segment items							
Interest revenue (external)	1 789	16 438	7 642	417	2 888		29 174
Unallocated interest revenue						571 208	571 208
Investment revenue	1 789	16 438	7 642	417	2 888	571 208	600 382
Fair value adjustments	60 568 520	18 140 538	(10 029 447)	5 490 729	40 454 072		114 624 412
Interest expense	–	77	–	87	–		164
Unallocated interest expense						9 417 503	9 417 503
Finance costs	–	77	–	87	–	9 417 503	9 417 667
31 March 2014							
Turnover (external)	37 337 982	52 896 014	29 104 496	310 737	–		119 649 230
Reportable segment profit before investment revenue, fair value adjustments and finance costs	25 895 479	42 188 915	15 324 907	(309 054)	(1 321 367)		81 778 880
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs						(2 894 377)	(2 894 377)
Profit before investment revenue, fair value adjustments and finance costs							78 884 503
Segment assets and liabilities							
Segment assets	410 622 741	511 713 129	266 005 155	135 297 917	76 047 926	–	1 399 686 868
Unallocated assets						132 757 384	132 757 384
Total assets	410 622 741	511 713 129	266 005 155	135 297 917	76 047 926	132 757 384	1 532 444 252
Segment liabilities	1 410 127	2 240 712	1 994 201	509 753	38 669	–	6 193 462
Unallocated liabilities						415 626 469	415 626 469
Total liabilities	1 410 127	2 240 712	1 994 201	509 753	38 669	415 626 469	421 819 931
Other segment items							
Interest revenue (external)	7 783	13 609	11 219	16	3 788		36 417
Unallocated interest revenue						117 046	117 046
Investment revenue	7 783	13 609	11 219	16	3 788	117 046	153 463
Fair value adjustments	10 879 030	64 360 773	(11 956 779)	2 207 313	(3 103 624)		62 386 713
Interest expense	995	–	5 037	–	–		6 032
Unallocated interest expense						–	28 039 956
Finance costs	995	–	5 037	–	–	–	28 045 988

Notes to the consolidated annual financial statements continued

for the year ended 31 March 2015

36. Property portfolio

Name	Location	Property type	Region	Cost of acquisition R'000	Market value as attributed by independent valuer R'000	GLA m²	Vacancy %	Weighted average gross rate/m²	Zoning	Freehold/ Leasehold	Average annualised property yield %	Approximate age of building years
Regional shopping centres												
Atteridgeville	Cnr Khoza and Mankopane Streets Atteridgeville	Retail	Gauteng	222 675	395 100	41 200	1	107,14	Special – various	Freehold	7,79	8
Mamelodi	Cnr Stormvoël and Maphalla Roads Mamelodi	Retail	Gauteng	192 510	530 400	42 200	1	127,08	Special – various	Freehold	8,5	11
Sebokeng	Moshoeshoe Street, Sebokeng Unit 10 Ext 1, Sebokeng	Retail	Gauteng	7 260	365 784	41 150	2	93,24	Special – various	Freehold	5,29	7
Heidelberg	Cnr Voortrekker and Jordaan Streets Heidelberg	Retail	Gauteng	128 400	142 500	15 400	1	114	Special – various	Freehold	7,95	16
Stands for development												
Atteridgeville	Cnr Lengau, Thlou Tepogo and Church Streets		Gauteng	12 562	44 500		n/a	n/a	Special – various	Freehold	n/a	
Sebokeng	Erf 95 and 86, Moshoeshoe Street, Sebokeng		Gauteng	2 117	2 117		n/a	n/a	Special – various	Freehold	n/a	
Sebokeng	Erf 103, Moshoeshoe Street, Sebokeng			750	993		n/a	n/a	Special – various	Freehold	n/a	
Property in process of development												
Atteridgeville	Maunde Street Atteridgeville	Retail	Gauteng	4 000	117 400		n/a	n/a	Special – various	Freehold	n/a	
Swakopmund	Albatros Street Swakopmund, Namibia	Retail	Namibia	16 000	137 745		n/a	n/a	Special – various			
Total retail				**567 407**	**1 737 745**	**139 950**						

Analysis of ordinary shareholders

as at 31 March 2015

Shareholder spread

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
1 – 1 000 shares	110	15,63	45 874	0,03
1 001 – 10 000 shares	281	39,91	995 693	0,58
10 001 – 100 000 shares	127	18,04	4 196 873	2,44
100 001 –1 000 000 shares	137	19,46	49 986 009	29,01
1 000 001 shares and over	49	6,96	117 057 994	67,94
Total	**704**	**100,00**	**172 282 443**	**100,00**

Distribution of shareholders

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Assurance companies	1	0,14	1 330 141	0,77
Close corporations	17	2,41	3 579 793	2,08
Collective investment schemes	24	3,41	34 372 978	19,95
Custodians	1	0,14	12 434	0,01
Foundations and charitable funds	3	0,43	569 797	0,33
Investment partnerships	2	0,28	11 225	0,01
Managed funds	1	0,14	375 000	0,22
Organs of state	1	0,14	6 255 000	3,63
Private companies	25	3,55	33 429 558	19,40
Public companies	2	0,28	414 183	0,24
Retail shareholders	475	67,49	12 521 506	7,26
Retirement benefit funds	5	0,71	3 578 591	2,08
Stockbrokers and nominees	3	0,43	1 325 309	0,77
Trusts	144	20,45	74 506 928	43,25
Total	**704**	**100,00**	**172 282 443**	**100,00**

Shareholder type

	Number of shareholdings	% of total shareholdings	Number of shares	% of shares in issue
Non-public shareholders	20	2,84	34 767 596	20,18
Directors and associate companies	20	2,84	34 767 596	20,18
Public shareholders	684	97,16	137 514 847	79,82
Total	**704**	**100,00**	**172 282 443**	**100,00**

Beneficial shareholders with a holding greater than 3% of the issued shares

	Number of shares	% of shares in issue
Stanlib	15 453 889	8,97
Nedbank Group	8 761 692	5,09
Plentytrade Proprietary Limited	7 229 867	4,20
Safarihold Proprietary Limited	7 120 203	4,13
Government Employees Pension Fund	6 255 000	3,63
Total	**44 820 651**	**26,02**

Top 5 fund managers

	Number of shares	% of shares in issue
Stanlib Asset Management	19 891 511	11,55
Grindrod Asset Management	15 710 792	9,12
Public Investment Corporation	6 255 000	3,63
Simonis Storm	1 503 358	0,87
Ampersand Asset Management	1 487 235	0,86
Total	**44 847 896**	**26,03**

Total number of shareholders	**704**
Total number of shares in issue	**172 282 443**

Corporate information

Safari Investments RSA Limited

Registration number: 2000/015002/06
JSE code: SAR
ISIN: ZAE000188280
Country of incorporation: Republic of South Africa (7 July 2000)

Registered address and place of business

420 Friesland Lane, Lynnwood, Pretoria 0081
Tel +27 (0) 12 365 1881
Fax +27 (0) 86 272 1313
E-mail: info@safari-investments.com
Website: www.safari-investments.com

Auditors

Mazars
5 St Davids Place, Parktown 2193
PO Box 669, Johannesburg, 2000

Commercial banker

Absa Bank Limited
(Registration number: 1986/004794/06)
Absa Towers East
170 Main Street, Johannesburg 2001
PO Box 7735, Johannesburg 2000

Group secretary

Safari Retail Proprietary Limited
(Registration number: 2008/011620/07)
420 Friesland Lane, Lynnwood, Pretoria
Postal: 420 Friesland Lane, Lynnwood, Pretoria 0081
Represented by:
Dirk Engelbrecht
BComm LLB

Corporate adviser

Fanus Kruger Consulting cc
(Registration number 2006/173299/23)
Propateez Office Park
98 Beyers Naude Drive, Rustenburg 0300

Directors of Safari Investments RSA Limited

MH Tsolo *(independent non-executive chairman)*
FJJ Marais *(chief executive officer)*
JZ Engelbrecht *(executive financial director)*
SJ Kruger *(non-executive director)*
M Minnaar *(independent non-executive director)*
K Pashiou *(executive director)*
PA Pienaar *(non-executive director)*
JP Snyman *(independent non-executive director)*
JC Verwayen *(non-executive director)*
AE Wentzel *(lead independent non-executive director)*

Independent valuer

Mills Fitchet (Tvl) CC
(Registration number CK 89/40464/23)
No 17 Tudor Park, 61 Hillcrest Avenue
Oerder Park, Randburg 2115
PO Box 35345, Northcliff 2115

Legal advisers

VFV Incorporated
Corporate Place, Block A, 39 Selati Street, Pretoria
PO Box 8636, Pretoria 0001

Sponsor

PSG Capital Proprietary Limited
(Registration number 1951/002280/06)
1st Floor, Ou Kollege Building
35 Kerk Street, Stellenbosch 7599
PO Box 7403, Stellenbosch 7599

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647)
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107

Atlyn Shopping Centre