SAFARI INVESTMENTS RSA LTD

# Integrated annual report for the year ended 31 March 2016

Safari Investments RSA Limited ("Safari") is a property investment company listed on the JSE as a Real Estate Investment Trust ("REIT") that specialises in quality investments. Built on a well-established business model with a history of success, the company has managed to establish a sought-after retail portfolio over many years.

**Considering the unique portfolio of its assets, Safari is positioned to enjoy long-term sustainable growth in rental income.**

The company strives to astutely manage risks and challenges in the current economic climate and will not deviate from its long-term view on investment. Safari and its directors place strong emphasis on good corporate governance and adhere strictly to the requirements for South African REITs.

The main focus area of acquisition and investment is high income-generating property assets in strategic locations. This includes selective investments in vacant land with development potential, as well as making good use of opportunities to continuously grow and unlock the value of existing assets in high-growth areas. The company is the ideal platform for property investors with a long-term investment goal to acquire a share in quality assets.

A healthy debt:equity ratio is a core part of Safari's business model. Maintaining a low gearing level is a key priority to ensure that the company remains attractive to prospective investors and funding institutions. The company is dedicated to its legacy of delivering sustainable income and capital growth.

Visit our investor relations link on our website for more information and financial updates, profiles and news.

**www.safari-investments.com/investor-relations/**

## Key contacts

If interested in investing with us or for more information on our investment opportunities, contact:

**Fanus Kruger (Investor Relations Officer)**
Telephone: +27 14 592 2569
E-mail: fanus@fkc.co.za

Or alternatively

**Francois Marais (Chief Executive Officer)**
Safari Investments RSA Limited

Telephone: +27 12 365 1889
E-mail: fm@safari-investments.com

# Contents

## About this report

This integrated annual report presents the financial, operational, social and environmental performance of Safari Investments RSA Limited and its subsidiary (herein after referred to as "Safari" or "the group" or "the company") to stakeholders for the period from 1 April 2015 to 31 March 2016. In order to provide a concise overview of the business, business model and strategy, it includes a range of financial and non-financial disclosures, performance measures and reviews over the year. This will enable stakeholders to objectively assess its ability to create and sustain value in the future.

The report provides information on the group and highlights the group's corporate governance principles, growth strategy and 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 and we remain committed to improving our reporting to our stakeholders. Any feedback to improve reporting in future will be welcomed. 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;
- Companies Act 71 of 2008, as amended ("Companies Act"); and
- International Integrated Reporting Council <IR> framework.

The financial information provided in the annual financial statements commencing on page 44 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 has applied the principles contained in King III can be viewed on our website: www.safari-investments.com.

**Report published:** 22 June 2016

## 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 group strives to achieve high standards in all disclosures and management reviews. The financial statements were independently audited by Deloitte & Touche and the Board of the company, supported by the Audit Committee, has approved this report.

The Board of Directors acknowledges its responsibility to ensure the integrity of this annual report for the 2016 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.

The Board authorised the integrated annual report for publication on 22 June 2016.

**Dr JP Snyman**
*Chairman*

**FJJ Marais**
*Chief Executive Officer*

**DC Engelbrecht**
*Group Company Secretary*

# Vision and mission

The Board has adopted a strengthening and consolidated approach toward its current assets to ensure long-term investment sustainability and income growth. With this approach, an emphasis has been placed on quality tenants and mitigating the risk of market infiltration by competitors. By thoroughly analysing relevant market research and implementing innovative management methods, the Board strives to continuously improve the company's bottom line as well as the subsequent return on investment for all stakeholders.

Currently, the rural South African market falls under the emerging sector. Despite a tough economic climate globally, South Africa sees a growing consumer middle class helped by rapid urbanisation and shifting demographic trends, that is driving property demand and growth opportunities in the real estate industry across the continent.

Safari remains aware of these market trends and committed to ensure that its footprint is both strengthened and consolidated under all circumstances. Implementation methods constitute a combination of the following:

- Cost-effective refurbishing of centres to unlock maximum potential and value;
- Extending retail centres in line with national retailers' interests and commitments;
- Ensuring a healthy and balanced tenant mix in each centre; and
- Proactive management of facilities in line with evolving market trends.

In line with Safari's vision to dominate the various catchment areas, the company considers it essential to establish its assets as preferred retail destinations – thereby minimising, if not eliminating, nearby competition.

While an approach to grow the portfolio is followed, the Board ensures that business is conducted ethically within the agreed risk appetite and that its impeccable standards are upheld at all times.

# Who we are

Safari is a South African Real Estate Investment Trust ("REIT") which listed on the Johannesburg Stock Exchange ("JSE") on 7 April 2014.

Safari aims to maximise sustainable returns on shareholders' investments by ensuring that the property portfolio is optimised. Quality assets are developed to full potential in strategic areas of investments.

Safari's property portfolio comprises 19 properties, which include retail centres, vacant land, a private day- hospital and residential properties, in total valued at R2,2 billion.

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

Safari's primary investment focus is on quality income-generating properties through investments in mainly retail centres. 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. Safari has also acquired its first private day-hospital situated in Soweto, which opened its doors in January 2016 and with the Platz am Meer mixed-use development (retail, residential and offices) in Swakopmund, Namibia now nearing completion, it is a good start to the diversification strategy the Board set out for itself.

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 were rolled out. This approach has been replicated across the initial three flagship 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 ensure 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 properties are firstly located in the most favourable location within urban living areas, 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 neighborhood centres into destination centres. This is particularly important in the underdeveloped urban 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 greenfield opportunities 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. Emphasis is therefore placed on creating the correct mix of national retailers, specialty stores, and general or local dealers.

## Investing in communities: A revolutionary start

As recently as 2004, Soweto for example contained an estimated 43% of Johannesburg's population but only approximately 3% of the city's retail floor spaces. Safari was one of the first organisations, after 1994, to invest in a major shopping centre in an underdeveloped urban living area. Safari had a revolutionary vision and was ready for its first investment in Mamelodi, Pretoria. At the time, considering the needs of the community was key, and this has remained our focus point in new developments and investments. Strong relations with our communities are still a core factor in how Safari operates. We are adamant that we want to understand and personally know the communities surrounding our assets.

This led to an awareness of the many opportunities there are to contribute to a community while boldly developing regional retail nodes in these areas. During the development stage we utilise the opportunity to invest in skills development via the developer. At commencement of trade we saw an improvement in the community's quality of life through the many job opportunities that were created in the stores and throughout the centre. During the operational phase people continue to experience access to first-class shopping centres close to their homes.

The standard of Safari's shopping centres is not in any way inferior to that in the more affluent suburbs. Finishes and aesthetics are of supreme quality and national retailers trade extremely well in our centres. Trading densities continue to exceed the national average figures every year.

With a day-hospital in Soweto being the most recent addition to our portfolio and completed in partnership with Advanced Health Limited ("Advanced Health"), we became confident that

Portfolio grown from R1,8 billion in 2015 to

**R2,2** billion

Low vacancy factor with high trading density figures – portfolio located in

**high** growth areas

# Who we are continued

we can strive towards even more holistic assets that combine various service offerings to serve our communities better.

## Economic impact

In the current challenging economic climate Safari must strengthen its assets to their full potential and ensure that our nodes are dominant. This will keep competitive schemes at bay. At the same time we are bringing much-needed products and services directly to the people.

Safari brings to a community the convenience of a one-stop retail and services destination close to home. In itself this is a direct service to the public. It means no more long and expensive travels to alternative outlets to reach quality shopping, banking, food and entertainment; ultimately more money remains in the pockets of the community's residents.

Atlyn, Denlyn and Thabong centres initially rolled out at 20 000$m^2$ but all expanded over time into 40 000$m^2$ – 45 000$m^2$ owing to market demand as a direct result of the economic impact within the community. The average rental rate across Safari's portfolio was R122/$m^2$ for the year, while the market average was R168/$m^2$. This holds enormous long-term value for the portfolio in terms of long-term sustainable growth in income.

## Continued research

In order to optimise our investments, an understanding of the market's immediate needs and demands is essential. Safari regularly conducts targeted research on the markets surrounding our centres. The outcome of these surveys is used as a guide in planning and managing operations to ensure that the actual broad shopping and entertainment needs of the community are factored into upgrades and expansions in and around the facility.

Recently, through these surveys, we became aware of a need for safe and comfortable child-play areas at centres to enhance the atmosphere of relaxation and entertainment which proved to be very popular. We will continue to upgrade and enlarge these facilities over time in accordance with demand. Similarly, through research we will continue to carefully determine how to integrate the market's needs into our centre upgrades and the development of nearby land pockets.

## The broader context

In general South Africa has a highly inefficient, inequitable and unsustainable spatial form. In most areas the urban complex is distributed over a large area, and residents have to travel long distances to access jobs, services and facilities. The spatial restructuring of nodes under development is therefore of vital importance to us. It deals with the correction of overall unsatisfactory spatial patterns so that the city and its people can function at optimal levels and that communities are served more efficiently. With this aspect in mind Safari wants to have an integrated planning approach – meaning that we look at our investment opportunities in a broader context as opposed to studying site potential in isolation.

Based on this integrated approach, Safari aims to strengthen its existing retail nodes in their various locations by "re-developing" them into more holistic hubs of not only retail products. We are in a position to also provide other essential services to the community that also makes business sense. Key to this aspect is the utilisation of available or state-owned land in the vicinity of our centres. These pockets of land could be upgraded into much needed facilities.

We are busy identifying the need around our developed sites for schools, créches, clinics, small-scale governmental service offices, computer services and libraries. There is a tremendous opportunity to partner with local municipalities to maximise returns, both economic and social.

## Beyond our borders

At Safari we are driven to source only the best investment opportunities.

Safari sees incredible opportunities for investment in South Africa, but is also looking beyond our borders to consider prime opportunities that may emerge in Africa and Europe. The company's first international investment is underway in Namibia – a brand new lifestyle waterfront development on the shoreline of Swakopmund, opening September 2016.

# Business model

Safari selects prospective investment properties on the basis of 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 supporting the creation of business opportunities for the surrounding communities. Strong relations with our communities are a core part of how Safari operates in order for them to gain the maximum economic and social benefit from our developments.

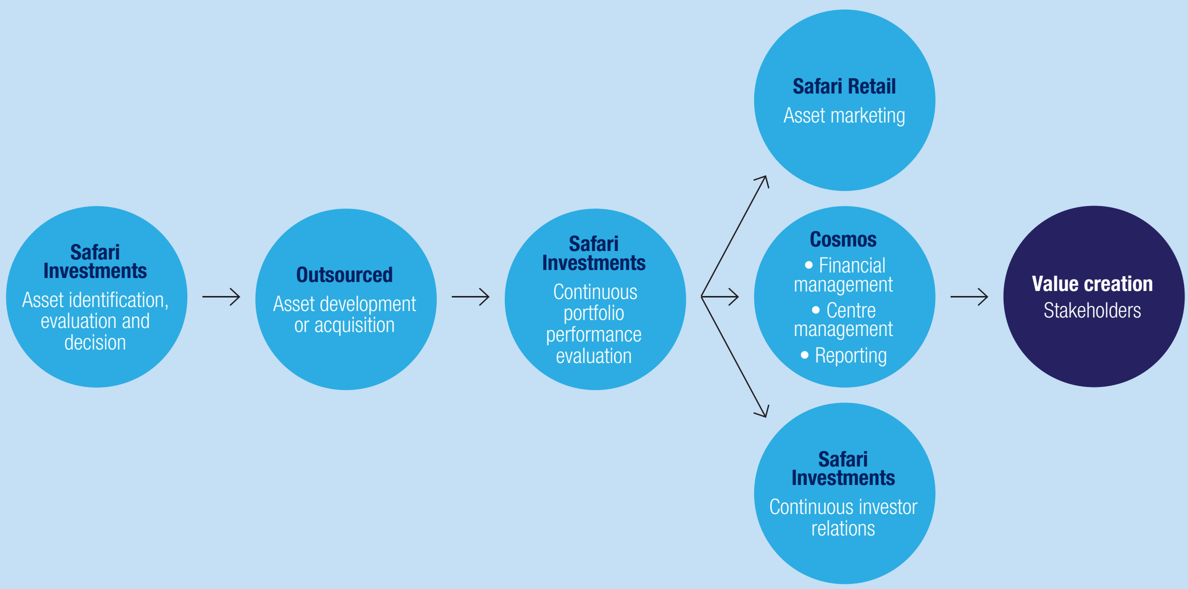
During the 2016 financial year, we continued to deliver consistently in terms of our strategy that has underpinned Safari's strong performance in recent years. This was accomplished by negotiating above-average rental escalations and successfully completing new additions within approved budgets. The use of technology, together with the professional and efficient management of our centres, minimising operating expenses and other factors, enabled Safari to successfully grow our property portfolio to over R2 billion this past year.

Trading from our properties is secured with the provision of generators capable of generating 10,5MVA during power failures. The installation of solar power generating systems was completed this financial year and they generate a total of 1MVA dedicated to the centres.

The 2017/2018 strategy plan reaffirmed the strategy that the company will continue to (1) focus on the improvement of our quality portfolio through selective re-development and upgrades of the existing properties and also (2) the unlocking of value-added services to the current assets such as day-hospitals, filling stations and the like to existing centres – these sectors have strong national tenants with a low maintenance cost due to a triple net lease.

Safari's new projects are being financed by a mixture of debt and new equity. Safari manages the debt portion of the company's financing strategy by utilising its existing bank facility. The new equity portion is introduced by general and specific issue of new shares and an option for shareholders to reinvest dividend proceeds (scrip dividend) for more shares. The dividends are paid to shareholders bi-annually from the operational profit generated. During 2016 Safari issued a further 9,8 million shares through various scrip dividend and rights offer issues, and the existing facility was increased to R900 million subsequent to the financial year end, at an interest rate of prime less 1,05%. Safari intends to raise capital through a private placement process during the 2017 financial year in order to maintain 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.

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 mixed-use investment outside the country and will boast an upmarket high-end retail centre, prime location offices, and high-quality state-of-the-art residential apartments with sea view. Further investment opportunities in Africa and Europe are being explored.




A key part of our business model is utilising our property portfolio to secure and fund our growth and therefore Safari will always strive to actively pursue ways to maintain or enhance the quality of our existing assets.

As a quality investment fund the primary focus is to maintain excellent operational management and continual efforts to enhance the quality of the portfolio through re-development and upgrades to existing assets as well as by unlocking value-added services (day-hospitals, offices, filling stations etc.).

We rely on our development pipeline to reach our growth targets. During the 2016 financial year we have comfortably reached our goal to exceed the R2 billion mark in asset value.

With our existing projects such as the Platz am Meer Waterfront development in Swakopmund and our third retail centre in Atteridgeville, Pretoria under construction we are confident of maintaining a positive and healthy growth pace.

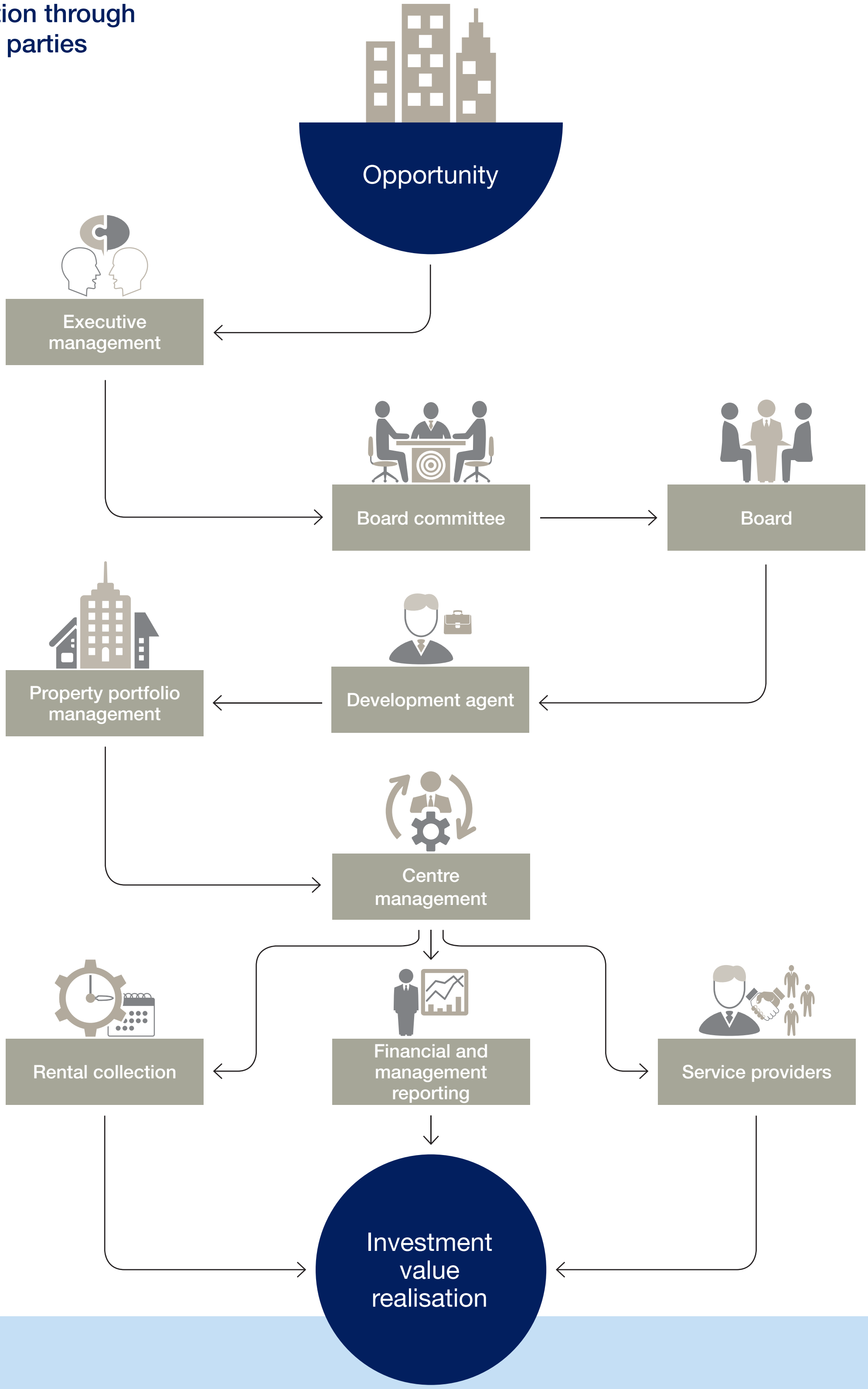
In January 2016 construction was complete and we opened our first 20-bed private day-hospital in Soweto, Gauteng in partnership with Advanced Health (as the operator and lessee).

With this success in diversification we will continue to explore similar opportunities to grow our assets into holistic nodes that combine various service offerings to serve our communities better.

We will also continue to investigate possible investment opportunities across border in Africa and Europe.

# Business model continued

## Value creation through contracted parties



## Property development and procurement agreement

Safari Developments (Pretoria) 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 properties, 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 the members ensure that each project is delivered within the specified parameters.

**Managing Director: Jannie Verwayen**
Telephone: +27 12 365 1881
Email: jannie@matlaqs.co.za

## 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 and management 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 dedicated 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: +27 12 365 1865
Email: willem@cosmos-management.com

## Day-hospital development agreement

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. Their 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 by which Safari can acquire day-hospital facilities in partnership with participating medical practitioners to ensure that medical quality and technology objectives are met.

**Group Finance Manager: Carel Snyman**
Telephone: +27 12 110 4161/2/3
Email: info@advancedhealth.co.za

## Marketing

Safari Retail Proprietary Limited ("Safari Retail") is a direct contracted party to the group and assists with the leasing and proper tenanting of vacant space in the existing properties within the group's portfolio.

**Leasing Manager: Tanya Roode**
Telephone: +27 12 346 1889
Email: info@safari-investments.co.za

## Electricity, meter reading and electricity accounting services agreement

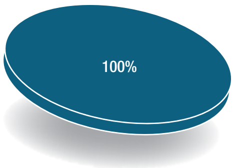
African Electrical Technologies Proprietary Limited, trading as Loadman ("Loadman"), is contracted by Safari to supply the tenants in its centres with electricity and provide the services of meter reading and proper accounting of such usage by the tenants. Loadman has played an integral part in Safari's 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, as all the centres are fully operational during power failures. Together with Loadman, the company succesfully installed solar panels at three of its retail shopping centres which are operational. The expected yield on this investment is 12,5%.

**Director: Peet Olivier**
Telephone: +27 12 349 2247
Email: polivier@plantech.co.za

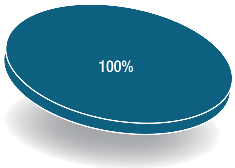
# Safari investments: 2016 performance overview

### Geographical spread

Revenue



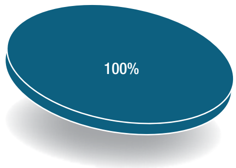

GLA



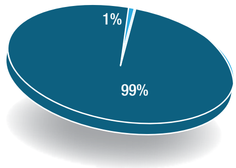

- Gauteng
- Other

### Sectoral spread

Revenue



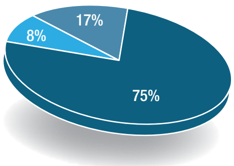

GLA



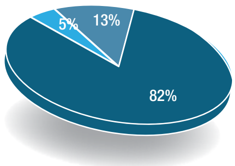

- Retail
- Healthcare

### Total tenant mix

(R)

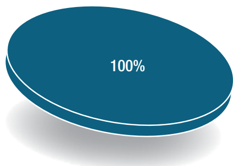



(m$^2$)




- 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 revenue
- Uncontracted revenue

** The increase in vacancy rate and decrease in national tenancy was due to an upgrade of our tenant mix and layout at Thabong and Denlyn centres. In order to maximise the efficiency of our tenant mix and layout we had to relocate major tenants – this process involved vacating certain areas of the centre to attend to construction work and the relocation of tenants on a permanent or temporary basis. As at the date of this report the vacancy factor was at 2% with the abovementioned upgrades still in progress.*

Number of properties
**19**
(2015: 9)

Vacancy rate
**4%***
(2015: 1%)

Retail sector
**99%**
(2015: 100%)

Health care sector
**1%**
(2015: nil%)

National tenants
**87%***
(2015: 90%)

Retail sector: weighted average rental escalation
**8,3%**
(2015: 8,3%)

Average annualised property yield

# 8%

(2015: 8%)

Retail sector: monthly weighted average base rental/m²

# R122/m²

(2015: R113/m²)

Total built m² of property portfolio

# 153 300m²

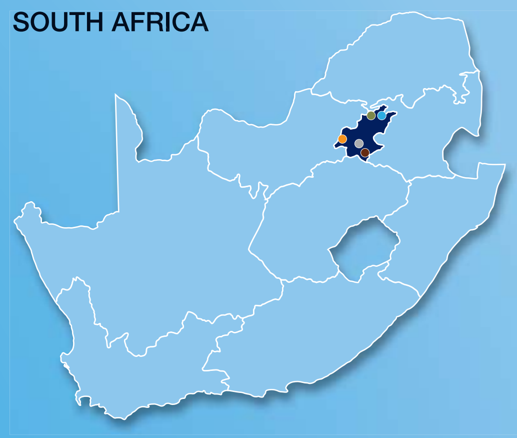
(2015: 139 950m²)

Valuation of portfolio

# R2,2 billion

(2015: R1,8 million)

## SOUTH AFRICA



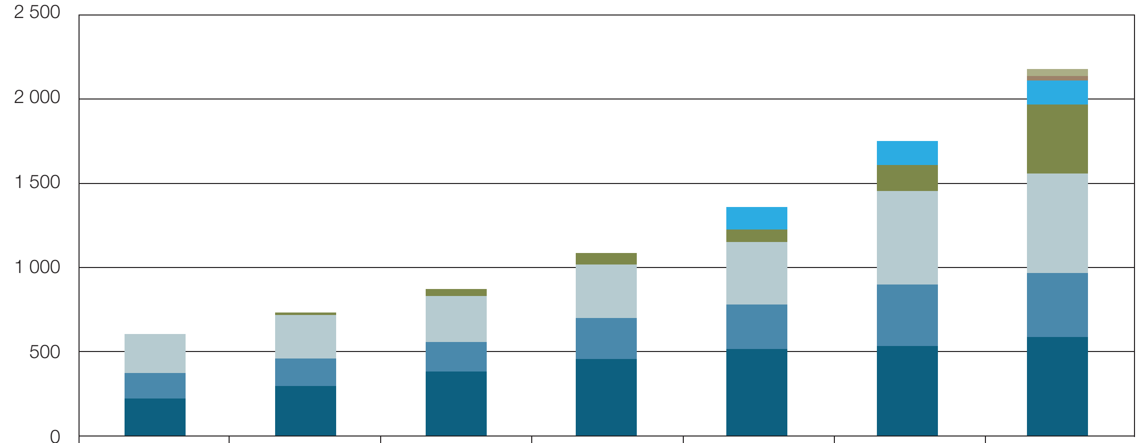
- **Atlyn Shopping Centre**
  41 200m²
  95 shops
- **Nkomo Village Shopping Centre (under construction)**
  20 533m²
  Q4/2017 date of completion
- **Maunde Shopping Centre**
  10 550m²
  31 shops
- **Denlyn Shopping Centre**
  42 200m²
  106 shops
- **Thabong Shopping Centre**
  41 150m²
  104 shops
- **Soweto Day Hospital**
  2 817m²
  20-bed day-hospital
- **The Victorian Shopping Centre**
  15 400m²
  40 shops

## NAMIBIA

- **Platz am Meer Shopping Centre (under construction)**
  27 000m²
  Q3/2016 date of completion

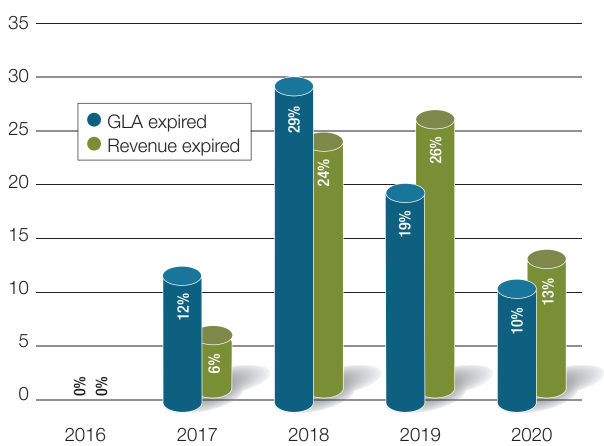
# Safari investments: 2016 performance overview continued

### Portfolio value – R2,2 billion

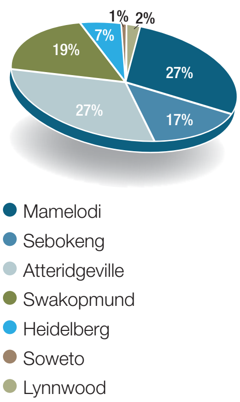



| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|---|---|---|---|---|---|---|
| Lynnwood | | | | | | | 40 795 247 |
| Soweto | | | | | | | 28 400 000 |
| Heidelberg | | | | | 135 000 000 | 142 500 000 | 143 500 000 |
| Swakopmund | | 16 166139 | 43 000 000 | 67 734 614 | 74 472 613 | 156 900 000 | 412 571 973 |
| Atteridgeville | 234 700 000 | 260 000 000 | 274 900 000 | 321 700 000 | 373 100 000 | 557 000 000 | 596 421 982 |
| Sebokeng | 150 000 000 | 164 100 000 | 176 000 000 | 243 900 000 | 265 700 000 | 368 000 000 | 382 100 000 |
| Mamelodi | 217 000 000 | 289 823 223 | 375 500 000 | 450 900 000 | 511 700 000 | 530 400 000 | 581 700 000 |

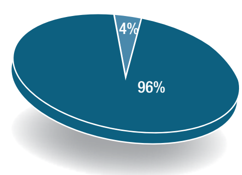
### Lease expiry profile of portfolio (%)



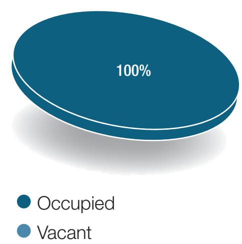

### Portfolio breakdown (value)




### Vacancy profile: Retail




### Vacancy profile: Healthcare



# thabong

# Chairman and Chief Executive Officer's report

*Dr JP Snyman*
*Chairman*

*FJJ Marais*
*Chief Executive Officer*

We look back on a successful 2016 financial year as we remained focused on strengthening and reconditioning our asset portfolio. We have seen our assets evolve and grow beautifully, the portfolio reached the R2,2 billion mark – a 23% increase in portfolio value, while returning R119,9 million to investors in the past year.

In the current economic climate with its unique challenges we have positioned the company primarily to focus on strengthening and consolidation of assets. We are set not to deviate from our focus on prime desirable locations, and to maintain a foundation of broad and deep competitive advantage. It is also with careful and objective market research in hand that we consider all new investment ventures and how to truly optimise our asset base.

The year has seen our first diversification in a formerly pure retail portfolio by the acquisition of a day-hospital investment in partnership with Advanced Health. It has proven to us that Safari is ready to diversify and strive towards establishing various service offerings to serve our communities even better.

In Atteridgeville the Maunde Centre is gaining momentum while construction of the new Nkomo Village is underway with Pick n Pay and Boxer secured as anchors. This development will bring Safari's complete offering in Atteridgeville to 70 000m². A phase 4 is underway for Thabong Centre in Sebokeng, reaching the 45 000m² mark, while negotiations are in its final stages for land adjacent to the centre in Mamelodi that will upon completion of re-development bring Denlyn to 70 000m², a huge regional retail node. Apart from these valuable extensions we successfully acquired 13 000m² of land on the intersection of Lynnwood and Roderick Roads in Lynnwood, Pretoria. The strategic value of this property is fantastic and we are very positive about the prospects for this land.

We look forward with great anticipation to the grand opening in September 2016 of Safari's first investment across border, the new Platz am Meer Waterfront development on the coast of Swakopmund in Namibia. We are extremely proud of this beautiful development on the coastline and of contractor Namibia Construction who successfully took on the tremendous task of its construction. We welcome the prestigious anchors Woolworths, Checkers, Dis-Chem and Edgars who share our confidence and partnered with us here.

We are pleased with the following highlights for the year:

- The portfolio increased in value from R1,8 billion in 2015, to R2,2 billion today – a 23% increase;
- Revenue year on year increased by 22% (2016: R172 million; 2015: R140 million);
- We achieved an 8,3% growth in weighted average rental income per square metre across the portfolio for the financial year;
- Retail trading density across the portfolio outperformed the national average for the relevant category of each shopping centre (*Source* IPD). The portfolio achieved an impressive weighted annual average trading density of R31 719 p/m²; and
- We distributed R119,9 million in distributions to shareholders, with a next distribution due end of June 2016 at 32 cents per share. We successfully continued with the option of re-investment of distributions as shares, with most institutional investors preferring the shares.

Former Chairman Dr MH Tsolo retired in February 2016 due to health concerns. He has served as the Chairman of Safari Investments in a key period of our history. As Chairman he has seen the company through a tremendous stage of growth and was part of a Board who with determination and vigour steered Safari all the way to its proud place on the JSE today. We extend our best wishes to him as he retires from the corporate industry to focus on his family and personal interests. We are grateful for the years that he served as director and Chairman, he will always remain a dear friend and benefactor to Safari.

We want to thank our shareholders for their continued support and confidence. Our appreciation further extends to our business partners, advisers, customers and suppliers for their ongoing support. It is a privilege to us to head a company with such bright prospects, and where management shares collective values of loyalty and perseverance. We look forward to seizing yet another year of opportunities to unlock value and potential.

**JP Snyman**
*Chairman*

**FJJ Marais**
*Chief Executive Officer*

# Property portfolio

Safari has developed a portfolio of dominant retail centres, focused on the high-growth areas. The superior performance of these centres is evidenced by a low vacancy factor and higher than average trading density across the portfolio as well as the strong rental escalation achieved over the past three years. Moreover, rental income is largely underpinned by long-term leases from national retailers.

platzammeer

Nkomo village

THE VICTORIAN

DENLYN

atlyn

thabong

advanced health
Affordable Quality Care

## Property portfolio continued

# A Namibian landmark

Safari is in the process of developing a new regional shopping centre on a prime beachfront property, which the Swakopmund Town Council has zoned for commercial development. The design takes full advantage of opportunities provided by the diversity inherent to a waterfront.

Given the growth of Swakopmund, the need for an alternative retail outlet in this part of Namibia is obvious. The historical central business district is under enormous pressure to adapt to the increasing influx of people and traffic.

Platz am Meer offers a new mixed-use destination for Swakopmund with approximately 50 000m² of retail space, hand selected to suit this area, combined with upmarket penthouses and prime office space. This landmark retail destination will accommodate a brand new Checkers, Woolworths, Edgars and Dis-Chem as the anchor and sub-anchors. Fashion retailers who will join this shopping destination include Cape Union Mart, Pep, Ackermans, Shoe City, My Republik, Pandora and various specialised boutiques as well as a Pep Home, Crazy Store, Vetsmart, CNA, Clicks, Liquor City and the major banks FNB, Standard Bank and Bank Windhoek. A feast of restaurants will be represented such as Mugg & Bean, Wakaberry, Steers, Debonairs, Fish Aways, Milky Lane, KFC, Aviary Coffee and O' Bord de Leau (a French cuisine). With its prime office space accommodating Regus, estate agents and attorneys this node will soon be a Namibian landmark.

This development boasts a small craft harbour and boat launching facilities and will certainly become a popular tourist attraction.

**Estimated project value:** R640 000 000
**Opening date:** 22 September 2016
**Estimated total built area:** 50 000m²
**Number of shops:** 70
**Luxury upmarket apartments:** 36

platzammeer

## Property portfolio continued

# Atlyn

Atteridgeville (cnr Khoza Street and Mankopane Street)

**Trading since:** 2006
**Number of shops:** 95
**Anchor tenant:** Shoprite

Total built area

41 200m²

Investment value

R428 500 000

National tenants

92%

Occupancy levels

100%

Trading density/m²

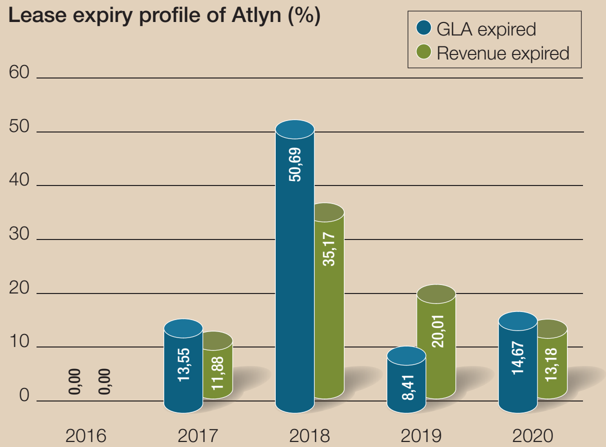
R28 100/m² p/a

**National tenant list**

Absa Bank & Absa Bank ATM, Ackermans, African Bank, Barko Financial Services, Best Electric, Build it, Capitec ATM, Capitec Bank, Clicks, Discount Fashions, Edgars, Edgars Active, Edgars Connect, Exact!, Fair Price Furniture & Appliance, Fashion Express, First National Bank, FNB ATM, Foschini, Fresenius Medical Care, Hollard, Identity, Jam Clothing, Jet, KFC, King Pie, Legit, Lewis, Lifestyle Furnishers, Liquor City, Markhams, Midas, Morkels, Mr Price Apparel, Multichoice, Nando's, Nedbank, Net1, Nike Factory Store, OK Furniture, Old Fashioned Fish & Chips, Old Mutual Finance, Pep Cell, Pep Home, Pep Stores, Price 'n Pride, Rage, Romans Pizza, Royal Butchery, Sheet Street, Shoprite, Shukushukuma, Sleepmasters Bedding Store, Standard Bank & ATM, Sterns, Studio 88, Tekkie Town, The Scene, Total Sports, Truworths, Uzzi, Vodacom, Webbers, Woolworths, Woolworths Foods, Zebro's

atlyn

Lease expiry profile of Atlyn (%)



# Denlyn

Mamelodi (cnr Stormvoël Road and Maphalla Road)

**Trading since:** 2003
**Number of shops:** 106
**Anchor tenant:** Shoprite

Total built area

42 200m²

Investment value

R581 700 000

National tenants

93%

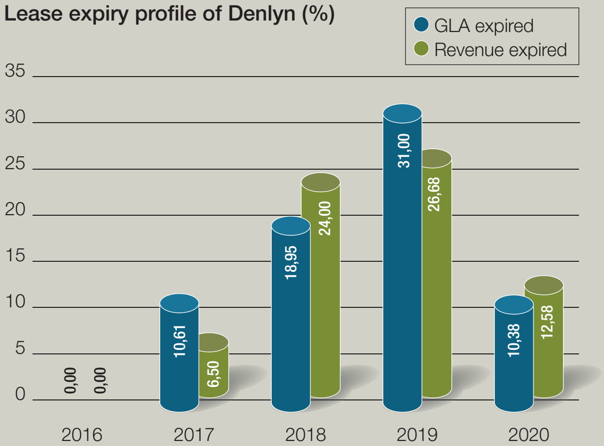
Occupancy levels

99%

Trading density/m²

R41 700/m² p/a

Lease expiry profile of Denlyn (%)




National tenant list

Absa Bank & Absa ATM, Ackermans, African Bank, Baldini Shoes, Barko Financial Services, Beaver Canoe, Betta Bets, Bradlows, Capitec Bank & ATM, Chicken Licken, Clicks, Daniel J, Design of Europe, Dunns, Earthchild, Edgars, Edgars Connect, Exact!, Fashion World, Finbond, First National Bank, Foschini, Identity, JetMart, Joshua Doore, Kalapeng Pharmacy, KFC, King Pie, Legit, Lewis, Liquor City, Markham, Mr Price, Mr Price Home, Naartjie, Nedbank & Nedbank ATM, Net1, Nike, OK Furniture, Old Fashioned Fish & Chips, Old Mutual Finance, Pep Cell, Pep Home, Pep Stores, Price 'n Pride, Rage, Railway Furniture, Real Fish and Chips, Romans Pizza, Royal Pie, Russells, Sheet Street, Shoprite, Skipper Bar, Sleepmasters Bedding, Sportscene, Standard Bank, Standard Bank ATM, Sterns, Tekkie Town, The Fix, Torga Optical, Total Sports, Truworths, Vodashop, Watloo Meat & Chicken, Webbers, Zebro's

DENLYN

## Property portfolio continued

# Thabong

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

**Trading since:** 2007
**Number of shops:** 104
**Anchor tenants:** Superspar, Pick n Pay

Total built area

41 150m²

Investment value

R382 100 000

National tenants

87%

Occupancy levels

95%

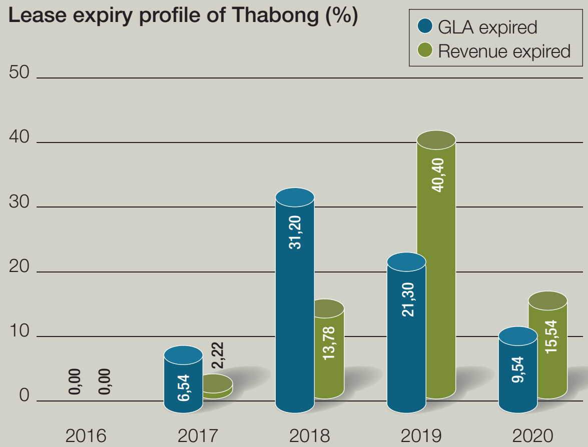
Trading density/m²

R23 100/m² p/a

**National tenant list**

Absa Bank & ATM, Ackermans, African Bank, Barko Financial Services, Best Home & Electric, Bradlows, Build it, Capitec Bank & ATM, Cash Crusaders, Chesanyama, Chicken Licken, Clicks, Debonairs, DSTV: Multichoice, Edgars, Edgars Active, Exact!, Fashion Express, First National Bank & ATM, Foschini, Good Health Pharmacy, Identity, Jam Clothing, JetMart, John Craig, KFC, King Pie, Lewis, Markhams, Mr Price Apparel, Nedbank & ATM, 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, Russells, Skipper Bar, Sleepmasters, Sportscene, Spykos Chisnyama, Standard Bank ATM, Studio 88, Super Spar, Tekkie Town, Tops, Total Sports, Truworths, Uzzi, Vodacom, Webbers, Woolworths

**Lease expiry profile of Thabong (%)**




thabong

# The Victorian

Heidelberg (cnr Voortrekker Street and Jordaan Street)

**Trading since:** 1997
**Number of shops:** 40
**Anchor tenant:** Pick n Pay

**Total built area**

15 400m²

**Investment value**

R143 500 000

**National tenants**

89%

**Occupancy levels**

93%

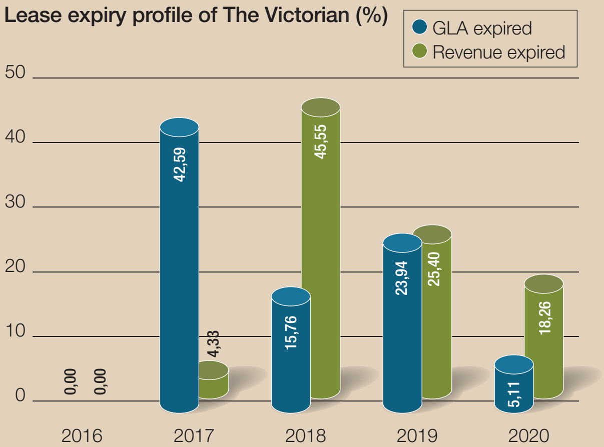
**Trading density/m²**

R37 200/m² p/a

**National tenant list**

Absa Bank ATM, American Swiss, Capitec ATM, Clicks, CNA, Crazy Store, Edgars Connect, Exact!, Fat Cake City, First National Bank, FNB ATM, Link Pharmacy, Liquor City, Mr Price Home, Nedbank ATM, Pep Stores, Pick n Pay, Postnet, Romans Pizza, Sausalito Spur, Shoe City, Standard Bank ATM, Tekkie Town, Total Sport, Truworths, Vodacom, Wimpy

**Lease expiry profile of The Victorian (%)**




THE VICTORIAN

## Property portfolio continued

# Maunde

Atteridgeville (Maunde Street)

**Trading since:** 2015
**Number of shops:** 31
**Anchor tenant:** Pick n Pay

**Total built area**

10 550m²

**Investment value**

R92 000 000

**National tenants**

59%

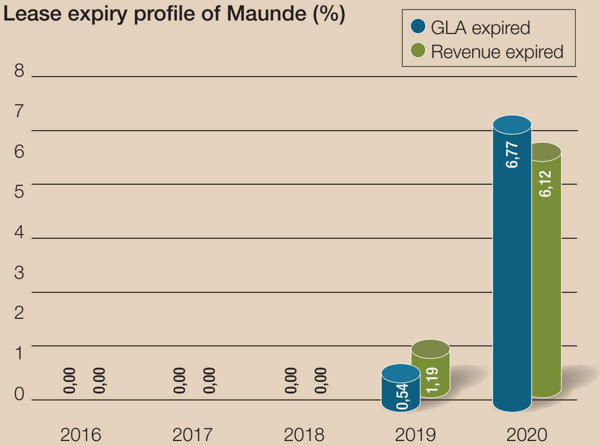
**Occupancy levels**

83%

**National tenant list**

Absa ATM, Audiologist, Chicken Licken, Chicken Stop, Fragrance Body Shop, Let Us Repair, Maunde Electronics, Nedbank ATM, Pharmrite, Pick n Pay, Pick n Pay Liquor, Postnet. Railway Furnishers, Rebatle Cornice World, Royal Foods, SSS Wholesalers, Standard Bank ATM, Topup Structured Water, U Plus Hair, Warrior Paints, Wegen Retailers

**Lease expiry profile of Maunde (%)**



# Soweto Day Hospital

Johannesburg (14475 Protea Glen x 6)

**Operational since**

January 2016

**Tenant**

Advanced Health

**Total built area**

2 817m$^2$

**Investment value**

R28 400 000

**Lease term**

10 years

**Number of beds**

20

**Rental escalation**

Year 1: 15%

Year 2 – 10: 8%


**Facilities**

- Three ophthalmologists
- State-of-the-art test centre for eyes
- Testing and screening of eyes
- Laser therapy for eyes
- Eye surgery in the hospital

advanced health
Affordable Quality Care


# Corporate governance

Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources.

The aim is to align the interests of individuals, corporations and society. Safari is committed to good corporate governance and proper reporting to respond to these dynamics.

# Board of Directors


### 1 Dr Jacobus Phillipus Snyman ("Philip")
***Independent non-executive Chairman***
*Committees: Audit, Remuneration, Investments, Risk and Nominations*

Philip 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).

### 2 Francois Jakobus Joubert Marais ("Francois")
***Chief Executive Officer***
*Committees: Social and Ethics, Risk, Investments 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, led the company as the CEO since incorporation.

### 3 Kyriacos Pashiou ("Kiki")
***Executive Operational Director***
*Committees: Executive and Investments*

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's 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.

### 4 Johannes Zacharius Engelbrecht ("Zach")
***Executive Financial Director***
*Committees: Executive and Risk*

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 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 re-developments 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.

### 5 Allan Edward Wentzel ("Allan")
***Lead independent non-executive and Chairman of Audit Committee***
*Committees: Audit, Remuneration and Social and Ethics (co-opted to Risk as a member of the Audit Committee)*

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.


6 **Faith N Khanyile ("Faith")**
***Independent non-executive***
*Committees: Audit and Risk*

Faith is currently the CEO of WDB Investment Holdings Limited. Before assuming this role in late 2013, she worked for Standard Bank in its Corporate and Investment Bank division ("CIB") for 12 years, the last six years of which as Head of Corporate Banking. Faith held other senior positions in Standard Bank, including Head of Trade Finance and Services, and was a director in the Structured Debt Finance Division of CIB. Faith was a member of CIB Executive Committee and Credit Committee. She also served on the CIB Transformation Steering Committee and the CIB Women's Forum. Her academic qualifications include a BA (Hons) in Economics (*cum laude*) from Wheaton College Norton, MA, USA, and a Master's in Business Administration (MBA)-Finance, from Bentley Graduate School of Business, Waltham, MA, USA. She also has an HDip Tax from the University of Johannesburg ("UJ"), and she completed an Executive Leadership programme at Columbia University (New York) in 2007.

7 **Stephanus Johannes Kruger ("Fanus")**
***Non-executive alternate 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.

8 **Dr Mark Minnaar ("Mark")**
***Independent non-executive***
*Committees: Nominations, Remuneration, Risk and Investments*

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 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 No 171, 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.

9 **Johannes Coenradus Verwayen ("Jannie")**
***Non-executive alternate 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 its clients in industrial, office, retail, civic and educational, as well as residential developments.

# Directors' information

**Safari is driven by a Board of business professionals with a passion for excellence and a preference for a hands-on management approach. This approach is evidenced in the quality of the properties, the tenants and the continued demand for excellent operational management of Safari's properties. The team is represented by a healthy spread of professionals, from disciplines such as architecture, civil engineering, and the construction, medical and financial industries.**

The Board consists of nine directors, of whom six are non-executives (four of them independent and two alternate directors) and three executives. The Chairman, Dr JP Snyman, being an independent non-executive director, succeeded Dr MH Tsolo on 1 March 2016 and oversees the Board's functioning. The Chief Executive Officer, Mr FJJ Marais, leads the executive team and attends to the day-to-day functions of the business.

Dr Tsolo retired as the Chairman of the Board as well as a Board member on 29 February 2016. Safari has benefited for many years from his wisdom, leadership and expertise and he leaves a legacy of prudence and integrity. We wish him all the best for his retirement and wish Dr Snyman all the best with his new role as Chairman of the Safari Board. At the 2015 annual general meeting held on 5 August 2015, Dr PA Pienaar was not re-elected to serve another term on the Board and we wish to thank him for his loyal service and valuable contribution during his years at Safari. Mr JC Verwayen and Mr SJ Kruger stepped down as active members of the company's Board with effect from 5 August 2015, but have remained on the Board as non-executive alternate directors of the company for Mr K Pashiou and Mr FJJ Marais respectively. The Board also welcomes Ms FN Khanyile who was elected as a director of Safari's Board at the 2015 annual general meeting – we welcome this widely respected woman to the team and look forward to her expertise and contributions in the years to come.

| Name, age and nationality[1] | Qualifications and occupation | Capacity | Director's aggregate indirect and direct interest in Safari (31 March 2016) | Director's aggregate indirect and direct interest in Safari (31 March 2015) |
|---|---|---|---|---|
| Dr Molupe Hendrik Tsolo (73)[2] | BSc, MBChB, Accounting diploma (1972) | Independent non-executive Chairman | 0,08% | 0,08% |
| Francois Jakobus Joubert Marais (76) | BArch (1964) Architect | Chief Executive Officer | 4,42%[3] | 4,23%[3] |
| Johannes Zacharius Engelbrecht (38) | MCom (2003), MBA (2011) Financial Director | Executive Financial Director | 0,02% | 0,03% |
| Stephanus Johannes Kruger (57) | BCom (1982), ILPA (1997) Financial planner | Non-executive alternate | 0,82%[3] | 0,87%[3] |
| Dr Mark Minnaar (49) | MBChB, Diploma Anaesthesiology FCS (SA) (1991) Ophthalmologist | Independent non-executive | 0,69%[3] | 0,72%[3] |
| Kyriacos Pashiou (62) | National Diploma in Construction Management (1977) Building contractor | Executive Operational Director | 5,39% | 5,4% |
| Dr Petrus Arnoldus Pienaar (59)[2] | MEngineering (1987), PhD | Non-executive | 1,59%[3] | 1,67%[3] |
| Dr Jacobus Phillipus Snyman (64) | BChD (1977) Dentist | Independent non-executive Chairman | 0,59% | 0,45% |
| Faith N Khanyile (49) | BA (Hons) (1991), MBA (1994), MCom (2000), HDip Tax (2004) CEO WDB Investment Holdings | Independent non-executive | 2,49%[4] | – |
| Johannes Coenradus Verwayen (62) | BSc (QS) (1981) Quantity surveyor | Non-executive alternate | 0,83% | 0,88% |
| Allan Edward Wentzel (77) | CA(SA) (1961) Chartered accountant | Lead independent non-executive and Chairman of Audit Committee | – | – |

1. *All the directors are South African*
2. *Resigned during this financial year*
3. *May include indirect beneficial interest held through a shareholder which is a company or close corporation*
4. *Shares held by WDB Investment Holdings, FN Khanyile is the CEO and the shareholding is shown as non-beneficial holding*

All the interests held by the directors are indirect, save for Dr M Minnaar's holding of 0,19% and Mr JZ Engelbrecht's holding of 0,03% of the interest in their personal capacity. The interests of the directors as stated in the table above have remained unchanged from 31 March 2016 up to the date of publication of this report.

## Directors' transparency and remuneration report

The remuneration of the Board for the financial periods ending 31 March 2015 and 2016 is set out in the table below:

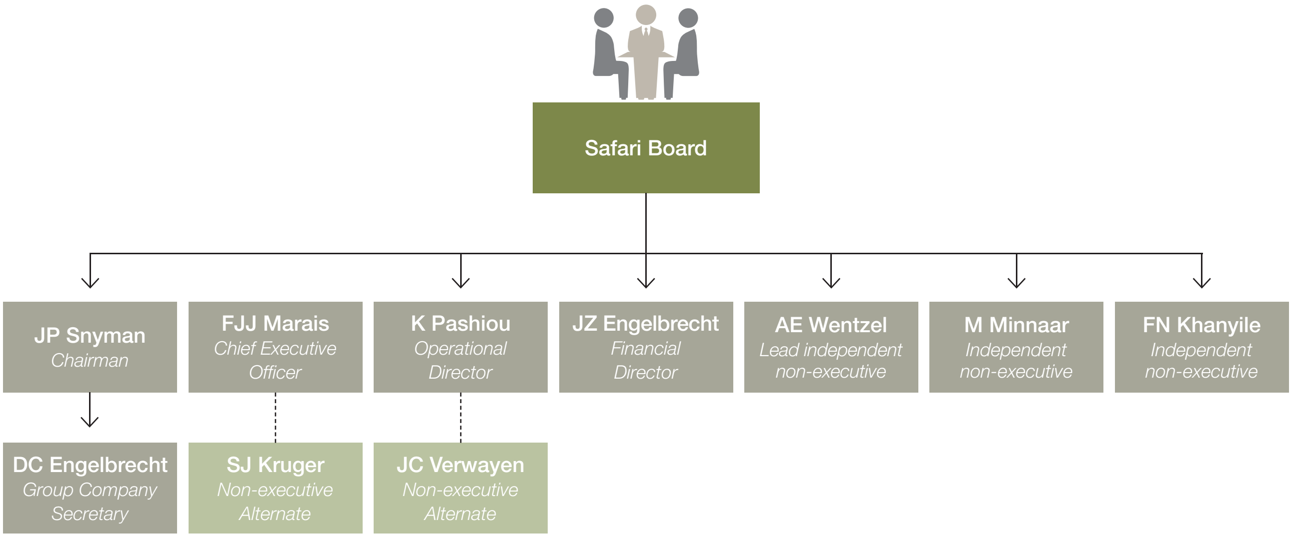
| | Directors' fees[1] | | Committee fees | | Consulting | | Total | |
|---|---|---|---|---|---|---|---|---|
| Name | 2016 R | 2015 R | 2016 R | 2015 R | 2016 R | 2015 R | 2016 R | 2015 R |
| **Executive directors** | | | | | | | | |
| FJJ Marais | 100 000 | 100 000 | 230 000 | 100 000 | 11 250 | – | 341 250 | 200 000 |
| K Pashiou | 74 000 | 72 000 | 66 000 | 54 000 | 17 250 | – | 157 250 | 126 000 |
| JZ Engelbrecht | 1 152 186[2] | 568 752[2] | 120 000 | 6 000 | – | – | 1 272 186 | 574 752 |
| **Non-executive directors** | | | | | | | | |
| JP Snyman | 74 000 | 66 000 | 102 000 | 42 000 | – | – | 176 000 | 108 000 |
| FN Khanyile[3] | 47 333 | – | 30 000 | – | – | – | 77 333 | – |
| MH Tsolo | 100 000 | 100 000 | 40 000 | 80 000 | – | – | 140 000 | 180 000 |
| JC Verwayen | 48 000 | 72 000 | 18 000 | 18 000 | – | – | 66 000 | 90 000 |
| M Minnaar | 74 000 | 72 000 | 112 000 | 66 000 | – | – | 186 000 | 138 000 |
| SJ Kruger | 46 000 | 64 000 | – | – | 47 250 | 12 000 | 93 250 | 76 000 |
| AE Wentzel | – | 72 000 | 300 000 | 90 000 | – | 4 500 | 300 000 | 166 500 |
| PA Pienaar | 26 667 | 72 000 | – | 54 000 | 3 000 | 7 500 | 29 667 | 133 500 |
| DE van Straten | – | 69 333 | – | 42 000 | – | 99 000 | – | 210 333 |
| **Total** | 1 742 186 | 1 328 085 | 1 018 000 | 552 000 | 78 750 | 123 000 | 2 838 936 | 2 003 085 |

1. *There are no benefits such as travel allowance, medical or pension benefits*
2. *Remuneration as part of the fee charged by Safari Retail in terms of the secondment agreement*
3. *Invoiced by WDB Investment Holdings*

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 or technical 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




## Corporate governance statement

Safari is fully committed to applying 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 Johannesburg Stock Exchange in April 2014. Many of the internal structures required by the regulations 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 those as set out in the table below.

<table>
<tr><th>Governance element</th><th colspan="2">Principle</th><th>Summary of how Safari applies the King III principles</th></tr>
<tr><td colspan="3">Chapter 2 – Boards and directors</td><td rowspan="9">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.<br><br>This function is currently carried out by the Board as a whole.</td></tr>
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## 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 set out in the Board charter are:

- determining the group's purpose and 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 integrated 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 and Risk Committees, 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 and 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 Chairman of such committees.

### Composition of the Board

The Board comprises nine directors, of which three are executive directors and four are independent non-executives and two are alternate non-executive directors.

### Chairman

The roles of the Chairman and Chief Executive Officer ("CEO") are separate: the office of the Chairman is occupied by an independent non-executive director. Dr MH Tsolo has retired from the Board with effect from 29 February 2016 and was succeeded by Dr JP Snyman who is also an independent non-executive director, in line with the recommendations of King III.

### 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 have been formalised and that the CEO's performance is evaluated against specified criteria on an annual basis.

### 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 making. 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, and 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 will adopt a code of ethics within the next financial year that will be applied throughout the group.

# Board charter continued

The current Board's diversity of professional expertise and demographics makes it highly effective 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 receive 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 has 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 on how it has discharged its responsibilities to establish an effective compliance framework and process.

The Board evaluated the previous Chairman's performance and ability to add value to the group. The Chairman and the Remuneration Committee appraised the performance of the CEO during this financial period.

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 Group Company Secretary and feedback was discussed during a strategy session held in March 2016.

## Board meetings

During the financial year, the Board held four formal Board meetings, at which an average attendance record of 96% was maintained (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 March 2016 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 | 20 May 2015 | 26 August 2015 | 18 November 2015 | 25 February 2016 |
|---|---|---|---|---|
| MH Tsolo *(Chairman)* | ✓ | ✓ | ✓ | ✓ |
| JZ Engelbrecht | ✓ | ✓ | ✓ | ✓ |
| FN Khanyile | ✗ | ✓ | ✓ | ✓ |
| SJ Kruger | *a* | ✗ | ✗ | ✗ |
| FJJ Marais | ✓ | ✓ | ✓ | ✓ |
| M Minnaar | ✓ | ✓ | ✓ | *a* |
| K Pashiou | ✓ | ✓ | ✓ | ✓ |
| PA Pienaar | ✓ | ✗ | ✗ | ✗ |
| JP Snyman | ✓ | ✓ | ✓ | ✓ |
| JC Verwayen | ✓ | ✗ | ✗ | ✗ |
| AE Wentzel | ✓ | ✓ | ✓ | ✓ |
| **Attendance** | 90% | 100% | 100% | 90% |

✓ = *Attended*
*a* = *Absent*
✗ = *Change in membership*

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.

### Directors' declarations and conflict of interests

The Board determined a policy for detailing the manner in which a director's interest in a transaction 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 pre-determined 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.

### Procedures for board appointments

The Board has detailed the procedures for new 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.

The development and implementation of nomination policies will be undertaken by the Nominations Committee and the Board as whole, respectively.

### 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:

- 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  was the appointed Group Company Secretary up to 31 March 2016 and was duly represented by Mr DC Engelbrecht. His name, business address and qualifications are set out in the "corporate information" section. Subsequent to this financial period the Board has resolved that Mr Engelbrecht should be directly employed as the Group Company Secretary and legal adviser for Safari Investments, his direct appointment now stands with effect from 1 April 2016.

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. 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 company secretary.

### Dirk Cornelius Engelbrecht BCom, LLB (UP) ("Dirk")

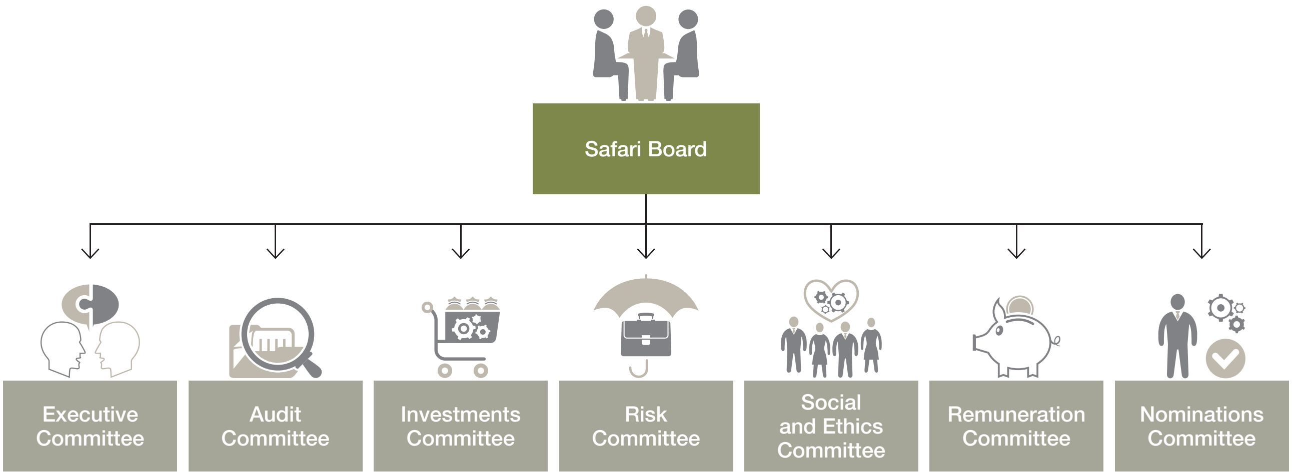
Dirk obtained a BCom Law degree in 2006 and an LLB degree in 2008 from the University of Pretoria. He completed his articles at Weavind & Weavind Incorporated, and remained with the firm until April 2011 as a professional assistant focusing on High Court and Magistrate's Court litigation. In April 2011, 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. 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 was employed directly as the Group Company Secretary and legal adviser with effect from 1 April 2016. Dirk is currently enrolled to qualify as a chartered secretary through the Chartered Secretaries of South Africa ("CSSA").

Telephone: +27 12 365 1881
Email: dirk@safari-retail.com

# Board committees

The Board has delegated certain functions to the Executive Committee, Audit Committee, Risk Committee, Remuneration Committee, Nominations Committee, Investments 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 annual 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.




## Executive Committee

| Members | 22 April 2015 | 17 June 2015 | 17 August 2015 | 23 September 2015 | 21 October 2015 | 20 January 2016 |
|---|---|---|---|---|---|---|
| JZ Engelbrecht | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| FJJ Marais | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| K Pashiou | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Attendance** | 100% | 100% | 100% | 100% | 100% | 100% |

✓ = *Attended*

The Executive Committee (hereunder "the Committee") is empowered and responsible for implementing the strategies approved by the Board and for managing the day-to-day affairs of Safari.

### Report by the Executive Committee

The duties of the Committee include the consideration of all day-to-day activities and related decisions. These duties may include:

- the development and implementation of business plans, policies, procedures, strategy for growth and budgets as delegated by the Board of Directors;
- the monitoring of operational and financial performance;
- the prioritisation and allocation of investment and resources;
- managing and developing talent; and
- managing the risk profile of the company.

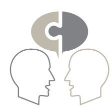
The Committee is chaired by the CEO and comprises all the executive directors and, by invitation, certain non-executive directors and members of senior management.

The Committee has conducted seven meetings, with an average of 100% 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.

On behalf of the Executive Committee:

**FJJ Marais**
*Chairman: Executive Committee*

Pretoria
14 June 2016



## Investments Committee

| Members | 8 May 2015 | 29 May 2015 | 17 June 2015 | 8 July 2015 | 30 October 2015 | 13 November 2015 | 5 February 2016 |
|---|---|---|---|---|---|---|---|
| FJJ Marais | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| M Minnaar | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| JP Snyman | ✓ | ✓ | ✓ | ✓ | ✓ | *a* | ✓ |
| **Attendance** | 100% | 100% | 100% | 100% | 100% | 67% | 100% |

✓ = *Attended*
*a* = *Absent*

The duties of the Investments Committee (hereunder "the Committee") include the consideration of all investment decisions of Safari which in turn includes acquisitions and new developments as well as refurbishments of existing properties.

In performing the above mentioned duties, the Investments Committee:

- considers recommendations from management for acquisitions, capital expenditure or disposals;
- authorises and approves such transactions and capital expenditure as 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 a further two independent non-executive directors and, by invitation, other non-executive directors and members of senior management.

### Report by the Investments Committee

The Investments Committee prepares due diligence reports on a transaction basis and makes recommendations to the Board, which carries out the function of considering acquisitions and disposals.

The Committee has overseen the group's strategy of investment which is focused on:

- areas of high growth selected for all investment properties;
- areas identified through the company's strategy in order to diversify the property portfolio; and
- properties with re-development and turnaround potential.

The Committee is satisfied that Safari delivered on the group strategy in the recent years of upgrading and re-developing 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.

The Committee has conducted seven meetings, with an average of 95% attendance by the Committee members. The Committee deliberated, decided and made recommendations on all matters 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.

### Subsequent events

Safari increased its interest bearing borrowings with Absa to R900 million with effect from 1 April 2016 at lending rate of prime less 1,05%. The facility will be utilised to fund capital projects.

At the Board meeting held on 25 May 2016 the following capital projects or deviations on existing projects were approved:

- The approved capital budget of R31 031 776 at Denlyn Centre would be adjusted downwards by R8 102 879 to the value of R22 928 897;
- The capital budget at Thabong Centre (phase 4) development was decreased by R1 748 406 million from R87 990 595 to R86 242 189;
- The Victorian Centre upgrade project budget was increased by R7 929 718 from the budget of R16 303 948 to R24 233 666; and
- The Platz Am Meer budget was increased by R64 626 053 from a total investment value of R575 006 176 to R639 632 229.

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

### New investments

The Soweto Day Hospital operated by Advanced Health opened its doors during February 2016. The following new investments were approved by the Board of Safari on recommendation by the Investments Committee during the 2016 financial year:

| | Project | Project status | Budget approved R | Information |
|---|---|---|---|---|
| 1 | Lynnwood Erf 582, 583, 584, 585 and 586 (intended for future office development) | Completed | 40 000 000 | Properties with a combined size of approximately 13 313$m^2$ situated close to the N1/Lynnwood intersection – strategically prime property purchased with the intention to develop offices |
| 2 | Atteridgeville Erf 9043, 9044, 9045 | In progress | 314 434 603 | Construction of 20 553$m^2$ area with 16 705$m^2$ gross leasable area. Anchored by Pick n Pay and Boxer with Builders Warehouse Superstore and McDonalds |

# Board committees continued

| | Project | Project status | Budget approved R | Information |
|---|---|---|---|---|
| 3 | Denlyn Tenant relocation | In progress | 31 031 776 | Improvement of tenant mix and relocation to accommodate new national tenants and the resizing of Absa |
| 4 | The Victorian Upgrade | In progress | 4 256 018 | This is a general upgrade of the centre – walkways, landscaping and new tenant installations |
| 5 | Thabong Jetmart relocation | In progress | 21 199 235 | Upgrading tenant mix of Block A by relocating JetMart to a more desirable size and accommodating a gymnasium as value-added service |
| 6 | Thabong Phase 4 | In progress | 66 791 360 | 1 500m² Builders Warehouse Superstore, 500m² Tyre Service Centre, 1 300m² office space with an additional 350m² retail space |
| 7 | Solar panel project | Completed | 20 000 000 | Solar panels were acquired and installed on the north-facing roofs of Atlyn, Denlyn and Maunde Centres. The electricity generated by these panels is sold back to the tenants |

## Stands available for future investments

| Name | Location | Cost at acquisition R | Market value R | Size m² | Ownership |
|---|---|---|---|---|---|
| Sebokeng Erf 95 and 86 | Moshoeshoe Street Sebokeng | 2 116 607 | 2 116 607 | 2 752 | Freehold |
| Lynnwood Erf 582, 583, 584, 585 and 586 | Corner of Lynnwood and Rodericks Streets Lynnwood, Pretoria | 40 000 000 | 40 795 247 | 13 313 | Freehold |

## Current projects: under construction

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

| | | | | Financial year ending | | |
|---|---|---|---|---|---|---|
| Note | Project* | Project status | Budget approved R | 31 March 2016 R | 31 March 2017 R | 31 March 2018 R |
| 1 | Atteridgeville – Maunde Street | Completed | 126 700 000 | 37 782 216 | – | – |
| 2 | Solar panel project (Atlyn, Denlyn and Maunde Centres) | Completed | 20 000 000 | 18 425 000 | – | – |
| 3 | Soweto Day Hospital | Completed | 27 600 000 | 17 847 023 | – | – |
| 4.1 | Sebokeng – Thabong Phase 3.1 | Completed | 79 000 000 | 48 003 574 | – | – |
| 4.2 | Sebokeng – Thabong Phase 4 | In progress | 66 791 360 | 5 263 568 | 28 950 000 | 32 577 792 |
| 4.3 | Sebokeng – Thabong – JetMart relocation | In progress | 21 199 235 | – | 21 199 235 | – |
| 5 | Swakopmund – Platz am Meer | In progress | 575 006 176 | 213 458 972 | 231 987 498 | 20 000 000 |
| 6 | Heidelberg – The Victorian (PnP upgrade and Jordaan Street Bridge) | In progress | 16 303 948 | 10 928 931 | 3 430 994 | – |
| 7 | Mamelodi – Denlyn Tenant relocation and upgrade | In progress | 31 031 776 | – | 18 963 863 | 12 067 913 |
| 8 | Atteridgeville – Nkomo Village | In progress | 314 434 603 | 20 521 982 | 115 773 759 | 165 138 862 |
| **Total** | | | 1 278 067 098 | 372 231 266 | 420 305 349 | 229 784 567 |

** Also refer to note 27 in the annual financial statements for the total future capital commitments*

1. The Maunde Street, Atteridgeville, development would be a stand-alone centre complementing the current Atlyn node. The 10 550m² additional GLA was completed and pushed the Atlyn node to above 50 000m². Maunde Centre opened its doors for trading during June 2015.
2. This project has been successfully completed at Atlyn, Maunde and Denlyn Centres. The projected return on investment for this project is 12,5%. Electricity generated through this system is used for common area consumption (costs covered by the landlord) and the excess will be purchased by African Electrical Technologies, our electrical engineering service provider.
3. Soweto day-hospital is the first property investment other than pure retail that Safari has acquired. It is operated by a subsidiary company of Advanced Health, based on a triple-A net lease agreement. We are proud to announce that the hospital opened its doors in February 2016.

4. Thabong Phases 3 and 3.1 brought in an additional 13 500m[2] of gross leasable area ("GLA") to the current retail space. Phase 3.1 (Pick n Pay) opened at the end of April 2015 and serves as a very popular food anchor in Sebokeng. We have received interest from Builders Warehouse Superstore (part of the Massmart group) and are in the process of a 3 600m[2] expansion to accommodate it together with a tyre service centre and offices. We are also relocating JetMart to a smaller shop in order to accommodate a gymnasium which we believe will be a value-added offering at Thabong.
5. The Swakopmund Platz am Meer Centre is under construction and progressing according to schedule. The opening of the Platz am Meer development is set for September 2016 bringing brand-new national tenants to the town of Swakopmund such as Woolworths, Checkers, Dis-Chem and many more. Phase 2 of the project, the upmarket residential apartments, is set for completion during April 2017.
6. 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 was completed and received very well by the public. In addition we are currently in the process of upgrading and refurbishing the walkways and gardens in the centre.
7. Owing to persistent applications from national retailers for space at our Denlyn Centre we have revised the tenant mix and initiated a plan to relocate and right-size some tenants in order to accommodate some of our valued national retailers in our other centres. We will be downsizing Absa, relocating Nike, upgrading and resizing JetMart and accommodating a few other national brands at Denlyn Centre.
8. Nkomo Village is a small regional centre of approximately 20 553m[2] anchored by Pick n Pay and Boxer with other national retailers such as Builders Warehouse Superstore, Pep and McDonalds. Groundwork has been completed and we are ready to commence construction. Anticipated opening date is set for early 2018.

On behalf of the Investments Committee:

**FJJ Marais**
*Chairman: Investments Committee*

Pretoria
14 June 2016

## Remuneration Committee

| Members | 20 May 2015 |
|---|---|
| AE Wentzel | ✓ |
| M Minnaar | ✓ |
| JP Snyman | ✓ |
| **Attendance** | 100% |

✓ = *Attended*

The Remuneration Committee (hereunder "the Committee") comprises Mr AE Wentzel as Chairman of the Committee together with 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.

### Report by the Remuneration Committee

The Remuneration Committee has the responsibility 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 the Group Company Secretary before his direct appointment on 1 April 2016.

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, the Committee conducted one meeting with 100% attendance by the members. The Committee prepared and recommended for approval at the 2015 annual general meeting a remuneration policy in line with the company's budget for the 2016 financial year. The remuneration policy was approved at the 2015 annual general meeting for a period of two years and as a result no further meetings were held during the year by the Remuneration Committee

On behalf of the Remuneration Committee:

**AE Wentzel**
*Chairman: Remuneration Committee*

Pretoria
14 June 2016

# Board committees continued

## Nominations Committee

| Members | 1 June 2015 | 30 October 2015 | 5 February 2016 |
|---|---|---|---|
| MH Tsolo | ✓ | ✓ | *a* |
| M Minnaar | ✓ | ✓ | ✓ |
| JP Snyman | ✓ | ✓ | ✓ |
| **Attendance** | 100% | 100% | 67% |

✓ = *Attended*
*a* = *Absent*

The Nominations Committee comprised Dr MH Tsolo (previous Chairman of this Committee), Dr M Minnaar (Chairman of this Committee) and Dr JP Snyman, all independent non-executive directors. The Board elected Mr AE Wentzel to succeed Dr MH Tsolo at the Board meeting in May 2016. 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.

### Report by the Nominations Committee

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.

The Committee reviewed the nomination from one of our institutional investors, Woman's Development Business Holdings, to include their Chief Executive Officer, Ms FN Khanyile, as a non-executive director on the Board of Safari. The Committee was pleased to recommend to the Board and the shareholders at the 2015 annual general meeting the appointment of Ms Khanyile as an independent non-executive director.

On the retirement of our previous Chairman, Dr MH Tsolo, the Committee with the CEO, Mr FJJ Marais, assessed the suitability of a successor in title and recommended to the Board that Dr JP Snyman be appointed as the new Chairman of the Board. The Committee, with the assistance of the Group Company Secretary and under the direction of the Chairman, conducted the annual Board and individual Board member assessments. These assessments were collected, reviewed and processed and formal feedback was conveyed at the Board's strategy session during March 2016.

During this financial year, this Committee conducted two meetings with 90% attendance by the members.

On behalf of the Nominations Committee:

**M Minnaar**
*Chairman: Nominations Committee*

Pretoria
14 June 2016

## Social and Ethics Committee

| Members | 25 June 2015 | 12 November 2015 |
|---|---|---|
| AE Wentzel | ✓ | ✓ |
| MH Tsolo | a | a |
| FJJ Marais | ✓ | ✓ |
| PA Pienaar | ✓ | ✗ |
| WL Venter | ✓ | ✓ |
| **Attendance** | 80% | 75% |

✓ = *Attended*
a = *Absent*
✗ = *Change in membership*

This Committee comprises Mr AE Wentzel (lead independent non-executive Director and Chairman of this Committee), Mr FJJ Marais (CEO), Dr MH Tsolo (independent non-executive director) and the head of the property portfolio management, Mr WL Venter. The Board elected a new member, Ms FN Khanyile (non-executive director), to succeed Dr MH Tsolo at the Board meeting in May 2016.

### Report of the Social and Ethics Committee

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 relations, and labour and employment issues. The Committee ensures that the group carries out its business in an ethical and a socially responsible manner to the benefit of the community and the environment in which Safari operates.

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 ethical and social 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 improves 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 and contribute to the community.

Examples in the 2016 financial year include assistance or contributions to:

- Compass (Community Provision and Social Services);
- Chrysalis pre-school, which provides support to children with a variety of disabilities;
- Girls & Boys Town, a long-standing NGO working with disadvantaged communities;
- Lebohang Centre for children with a physical and mental disability; and
- Mandela Day initiatives at schools and old age homes in the vicinity of the Safari shopping centres.

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. Shopper surveys are done on a relatively regular basis. Safari uses the outcome of these surveys as a guide in its planning and operations. Safari's operating centres are continually upgraded and expanded and the community's input, as gathered in these surveys, plays 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 ethical and 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.

*Community outreach programme in Atteridgeville.*

*Community outreach programme in Atteridgeville.*

# Board committees continued

Community outreach programme in Mamelodi.

Solar panels installed at Denlyn.

Community outreach programme in Mamelodi.

## Environment, health and safety

Safari draws from 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 skilled team of professionals 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 and successfully installed solar panels at three of its centres. 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 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 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

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 encouraged 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 centres.

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 community residents, which would otherwise be spent on transport to alternative shopping destinations.

Revamp phases and expansions have been completed at most of Safari's existing centres. 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.

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.

This Committee conducted one meeting and one electronic meeting (via teleconference or email) during this financial year, with 78% average attendance by its members.

On behalf of the Social and Ethics Committee:

**AE Wentzel**
*Chairman: Social and Ethics Committee*

Pretoria
14 June 2016

## Risk Committee

| Members | 18 August 2015 | 30 October 2015 | 5 February 2016 |
|---|---|---|---|
| M Minnaar | ✓ | ✓ | ✓ |
| AE Wentzel | ✓ | ✓ | ✓ |
| JZ Engelbrecht | ✗ | ✓ | ✓ |
| FN Khanyile | ✗ | ✗ | ✓ |
| FJJ Marais | ✓ | ✓ | ✓ |
| JP Snyman | ✓ | ✓ | ✓ |
| **Attendance** | 100% | 83% | 100% |

✓ = *Attended*
a = *Absent*
✗ = *Change in membership*

The Risk Committee's membership comprises Dr M Minnaar (independent non-executive Chairman of the Committee), Mr FJJ Marais (executive director), Mr JZ Engelbrecht (executive director), Dr JP Snyman (independent non-executive director) and Ms FN Khanyile (independent non-executive director). Mr AE Wentzel is co-opted as Chairman of the Audit Committee to assist with the identification, assessment and review of financial risks.

### Report of the Risk Committee

Safari is of the view that effective risk governance is essential to its sustainable business performance and the realisation of strategic management and operational objectives. Safari's approach ensures that any changes in risks and the impact thereof are identified and managed appropriately.

The Board has the overall responsibility of risk governance within the company and oversees that risks are being managed and reported appropriately. This includes the determination of risk appetite and tolerance levels and the approval of the risk strategy.

**The risk management and governance of Safari is illustrated in the graphic below:**

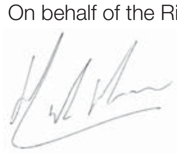

The Audit Committee is still charged with the duty to identify, review and effectively monitor any financial risks – in this regard Mr AE Wentzel was co-opted as a member of the Risk Committee in his capacity as Chairman of the Audit Committee. The Risk Committee is responsible for overseeing that the Executive Committee and senior management have identified and assessed all the significant risks that the organisation faces, and monitoring, in conjunction with other Board 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 Executive Committee and senior management are responsible for the implementation of the Board's strategy and ensure that Safari has an effective system to manage risks and that effective and efficient risk mitigations are implemented timeously. The Risk and Executive Committees report quarterly to the Board to attest that all potential and emerging risks have been identified and recorded and that appropriate actions have been taken to mitigate the risks to acceptable levels.

Safari's Board appreciates the fact that risk management is an integral part of the group's strategy ensuring that the value of the business is protected and that it enables business and growth. Safari is committed to continuously improve our risk strategy and management process to ensure that the business remains risk resistant. Risk management does not necessarily eliminate risks completely, but rather provides a process and structure to manage and mitigate the possible consequences of the risks identified.

The Committee has established a comprehensive risk register in order to assist it in performing the identification, monitoring and management of risks. During this financial year, this Committee conducted three meetings with 93% attendance by the members.

On behalf of the Risk Committee:



**M Minnaar**
*Chairman: Risk Committee*

Pretoria
14 June 2016

# REIT and REIT taxation legislation

## 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 R2,2 billion, as reflected in annual financial statements for the period ended 31 March 2016;
- The group is a property investment fund focusing mainly on retail centres and currently has three regional centres in underdeveloped urban areas and two community centres in Heidelberg and Atteridgeville, comprising a total of 153 300m² built area;
- The group also acquired its first 20-bed private day-hospital in Soweto. This project was developed by Advanced Health and it is operated by an operating subsidiary of Advanced Health Limited;
- 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 990 shareholders as at the financial year ended 31 March 2016;
- 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 approximately 40% of gross asset value for the year. 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;
- 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 32 cents per share was approved and will accordingly be paid out in June 2016;
  - 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-end; and
  - Interim distributions may occur before the end of a financial year. The total distribution declared was R119 926 850 (2015: R91 800 000) resulting in a 31% increase year-on-year. The distribution consisted of scrip dividends of R58 576 031 in June 2015, and R61 350 820 in December 2015 and where a total of 26% of the total dividend was reinvested into the company. As a result Safari issued 3 718 279 new shares to the company's shareholders during this process.

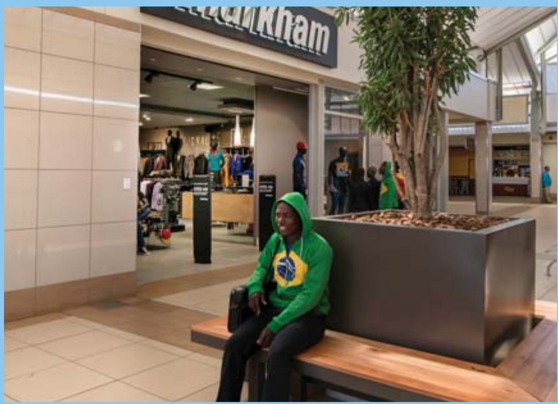
## REIT taxation status

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.

# Key stakeholders

| Stakeholder | Stakeholder concerns | Engagement/how concern was addressed |
| --- | --- | --- |
| Employees | • Fair remuneration<br>• Safe and enjoyable work environment<br>• Training and development<br>• Career paths | • Good clear communication<br>• Formal evaluations by management, peers and subordinates<br>• Open door policy with all senior management<br>• One-on-one meetings with Human Resources Manager<br>• Human Resources Manager deals with concerns as they arise<br>• Flexible working hours where possible |
| Financiers | • Security<br>• Ability to service debt<br>• Credit quality of tenants<br>• Calibre of management | • Maintain good relationships with funding institutions<br>• Regular meetings with senior management<br>• Tenant credit ratings<br>• Provision of financial information<br>• Interim and annual results to demonstrate the value of security and ability to meet obligations<br>• Active and transparent communication and provision of information<br>• Site meetings |
| Local communities and civil society | • Impact on infrastructure and access<br>• Security and safety<br>• Community development | • Quarterly newsletters and advertising<br>• Sponsorship and promotion of community events and organisations<br>• Support of local charity projects<br>• Partnerships with local schools and other corporate social investment projects<br>• Involved in community organisations and city improvement districts |
| Government (national and local), municipalities and regulators | • Compliance with laws and regulations<br>• Contribution to and management of infrastructure<br>• Payment of taxes | • Timeously filing annual tax returns<br>• Regular meetings with relevant regulatory authorities<br>• Staying up to date with the latest changes in legislation and ensuring compliance |
| Press and media | • Access to management and information | • Engage regularly with the media<br>• Safari's website is updated on a regular basis |
| Shareholders and equity analysts | • Share price performance<br>• Transparency of financial results and position<br>• Access to Group Company Secretary | • Group announcements published in the press, on SENS and posted on the company website<br>• Results presented at every annual general meeting<br>• Monthly reviews of the shareholder register to identify changes in the group's shareholding<br>• CEO and FD engage with financial media where appropriate<br>• Communication with institutional shareholders and equity analysts:<br>– Regular one-on-one meetings;<br>– Press announcements; and<br>– Investors anonymously polled following results to assess areas of concern<br>• Executive directors and Group Company Secretary are available to answer queries from shareholders |
| Shoppers | • Safe and secure shopping environment<br>• Easy access to centres<br>• Convenience | • Tenant mix is carefully considered<br>• Marketing, promotions and social events<br>• Shopping centre websites and social media platforms<br>• Dedicated on-site centre managers<br>• Print media, newsletters<br>• Micro management of security and cleaning service providers<br>• Maintenance at centres is an ongoing process and priority to our portfolio manager |
| Suppliers | • Reasonable payment terms<br>• Equal opportunities<br>• Fair and transparent tender processes | • Weekly meetings with top management of major service providers and suppliers<br>• Service level agreements |
| Tenants | • Rental costs<br>• Safety and security<br>• Property maintenance<br>• Location | • Property portfolio manager visits the centres on a monthly basis<br>• Customer satisfaction surveys<br>• On-site centre management team available to tenants<br>• Cost saving initiatives in respect of power and waste such as the solar panels<br>• Green building principles<br>• Property maintenance and refurbishments<br>• Trained security personnel |





# Annual financial statements



## Notes to the consolidated annual financial statements

The consolidated group annual financial statements have been audited by Deloitte & Touche. 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:** 22 June 2016

# 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 statements 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, and the SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act 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 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 pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, which 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 2017 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 48.

The consolidated annual financial statements, which have been prepared on the going concern basis, were approved by the Board on 14 June 2016 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 71 of 2008 that the company 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**
*Group Company Secretary*

Pretoria
14 June 2016

# Independent auditor's report

To the shareholders of Safari Investments RSA Limited

## Report on the financial statements

We have audited the consolidated financial statements of Safari Investments RSA Limited set out on pages 54 to 83, which comprise the statement of financial position as at 31 March 2016, and the statement of profit and loss and other 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 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 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Safari Investments RSA Limited as at 31 March 2016, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards 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 2016, 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 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.

## Other matter paragraph – Opening balances

The financial statements of the prior year were audited by the predecessor auditor. The opinion expressed by the predecessor auditor was an unmodified opinion and the date of the report was 12 June 2015.

## Report on other legal and regulatory requirements

In terms of the Independent Regulatory Board for Auditors ("IRBA") Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Safari Investments RSA Limited for one year.

**Deloitte & Touche**
*Registered Auditors*

**Per: BG Joubert**
*Partner*

14 June 2016

# Directors' report

The directors have pleasure in submitting their report on the consolidated annual financial statements of Safari and its subsidiary for the year ended 31 March 2016.

## Nature of business

Safari invests in quality income-generating property mainly focused on the retail sector. 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

At our Thabong Centre in Sebokeng, the phase 3.1 extension was completed and accommodates a second anchor, Pick n Pay as well as a pharmacy, Pick n Pay Liquor and Debonairs.

The procurement and development of a 20-bed private day-hospital on Erf 14475, Protea Glen, Soweto was successfully completed and a triple net lease came into operation during January 2016. The expected yield for the project is 8,15% in year one and 9,20% in year two.

The development of a new shopping centre, Nkomo Village, in Atteridgeville with a gross lettable area of 16 705m² was approved with a capital budget of R314 million. The opening of phase 1 of this centre is expected for April 2017 with a Builders Warehouse superstore and a fast food drive-through. Phase 2 is expected to open in April 2018 with two grocery anchors, namely Pick n Pay and Boxer Store.

The appointment of the Financial Director on 26 February 2015 was confirmed by the shareholders at the annual general meeting on 5 August 2015.

### Subsequent events

Safari increased its interest bearing borrowings with Absa to R900 million with effect from 1 April 2016 at a lending rate of prime less 1,05%. The facility will be utilised to fund capital projects.

At the Board meeting held on 25 May 2016 the following capital projects or deviations on existing projects were approved:

- The approved capital budget of R31 031 776 at the Denlyn Centre would be adjusted downwards by R8 102 879 to the value of R22 928 897;
- The capital budget at Thabong Centre (phase 4) development was decreased by R1 748 406 from R87 990 595 to R86 242 189;
- The Victorian Centre upgrade project budget was increased by R7 929 718 from the budget of R16 303 948 to R24 233 666; and
- The Platz Am Meer budget was increased by R64 626 053 from a total investment value of R575 006 176 to R639 632 229.

The Group Company Secretary was Safari Retail Proprietary Limited, represented by Mr DC Engelbrecht. With effect from 1 April 2016 Mr DC Engelbrecht was directly appointed by the company as the Group Company Secretary.

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 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 group are fully set out in the attached consolidated annual financial statements.

The group's revenue increased by 22% to R171 630 938 compared with the previous year's R140 433 022. The group furthermore recorded an operating profit, before investment revenue, fair value adjustments and finance costs for the year ended 31 March 2016, of R124 129 251 (2015: R104 939 282). This represents an increase of 18% year on year and is mainly due to the inclusion of the full-year profit from the Thabong Centre extensions compared to five months in the 2015 financial year as well as revenue generated from Maunde Centre.

A weighted average escalation on lease agreements of 8,30% was achieved for the 2016 financial year. Operating costs as a percentage of revenue was 28% (2015: 27%).

Safari group's gearing ratio increased from 17% to 41%, as a direct result of the project pipeline which is in an aggressive growth phase. The Board acknowledges that the gearing ratio would be temporarily higher than the 40% approved strategy. The Board is currently in the process of raising capital which will be effected through a private placement process. Details of this process will be published as soon as it is finalised. The gearing ratio is projected to normalise to below 30% after the intended private placement and the completion of the Platz am Meer Centre with the disposal of the residential apartments.

The fair value of the group's investment property increased by 20% to R2 088 583 790. The increase of R350 838 481 results from the expansions and additions of R353 259 636 as well as a negative fair value adjustment of R2 421 155 from the total property portfolio. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's 4% vacancy profile, the 87% national tenants' occupation level, a positive lease expiry profile and 8,30% average rental escalation achieved through the 2016 financial year. The net asset value per share decreased by 2% to 854 cents for the year, from 876 cents in the prior year 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 24 of the consolidated annual financial statements, where details of the capital commitments can be found.

## Dividends

In terms of REIT legislation at least 75% of the distributable earnings must be distributed in every financial year.

# Directors' report continued

During 2016 Safari distributed 34 cents per share in July 2015, and 34 cents per share in December 2015. The total distribution declared was R119 926 850 (2015: R91 800 000) resulting in 31% increase year on year. The company made a net payment of R88 302 606 to shareholders. A total of R31 624 244 was reinvested through a dividend reinvestment plan which resulted in 3 718 279 new shares issued.

## Going concern

The directors are of the opinion that the group has adequate financial resources to continue its operations for the foreseeable future and 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 24 of the financial statements. The directors are not aware of any material changes that may have an adverse 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

Deloitte & Touche was appointed as auditors for the group from 2 September 2015 and also performed the interim review for the period ended 30 September 2015. During the financial year Beyers Joubert was the designated audit partner for the Safari group. The appointment will be ratified at the next annual general meeting and shareholders will be requested to re-appoint Deloitte & Touche for the 2017 financial year and BG Joubert as designated partner.

## 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". This measurement was already adopted and implemented during the 2016 interim financial report.

## 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 alternate director | Changed to alternate director on 6 August 2015 |
| FN Khanyile | Independent non-executive director | Elected during the 2015 AGM |
| FJJ Marais | Chief Executive Officer | |
| M Minnaar | Independent non-executive director | |
| K Pashiou | Executive Operational Director | |
| PA Pienaar | Independent non-executive director | Not re-elected at 2015 AGM |
| JP Snyman | Independent non-executive Chairman | Elected as Chairman on 24 February 2016 |
| MH Tsolo | Independent non-executive Chairman | Resigned with effect from 29 February 2016 |
| JC Verwayen | Non-executive alternate director | Changed to alternate director on 6 August 2015 |
| AE Wentzel | Lead independent non-executive director | |

At least a third of the non-executive directors stand for re-election at the annual general meeting on a rotation basis as stipulated in the company's Memorandum of Incorporation. None of the executive directors are subject to restraint 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' interest in contracts

Mr FJJ Marais is a member of Cosmos Management Close Corporation, Safari's property portfolio and financial managers, director and shareholder of Safari Retail Proprietary Limited, which provides marketing, financial and secretarial services.

Mr K Pashiou, Mr JC Verwayen and Mr SJ Kruger are directors and shareholders of Safari Developments (Pretoria) Proprietary Limited and Safari Developments Swakopmund Proprietary Limited, the portfolio development and procurement agent. Mr 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.

The abovementioned directors are all experienced directors who have a clear understanding of their fiduciary duties as directors of Safari; their interests in Safari Developments and other entities are disclosed annually to the Board of Safari. For the details of the contracts the directors refer you to note 24, reported under related parties.

## Directors' remuneration and shareholding

The directors refer you to note 25 of the consolidated annual financial statements, where details of the directors' remuneration and shareholding can be found.

## Group Company Secretary

The Group Company Secretary was Safari Retail Proprietary Limited, represented by Mr DC Engelbrecht. With effect from 1 April 2016 Mr DC Engelbrecht was directly appointed by the company as the Group Company Secretary.

Business address: 420 Friesland Avenue, Lynnwood, Pretoria 0081

## Special resolutions

The following special resolution was passed at the annual general meeting held on 5 August 2015:

1. Approval of directors' remuneration: 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 2016, as follows:

| Directors' remuneration | 2016<br>R | 2015<br>R |
|---|---|---|
| **Basic fee per quarter** | | |
| Chairman of the Board | **10 000** | 10 000 |
| Chief Executive Officer *(CEO)* | **10 000** | 10 000 |
| Director | **8 000** | 8 000 |
| **Attendance fees** | | |
| Board meetings *(Chairman)* | **10 000** | 10 000 |
| Board and Exco meetings *(CEO)* | **10 000** | 10 000 |
| Board and Exco meetings *(directors)* | **6 000** | 6 000 |
| Committee meetings *(Chairman and CEO)* | **10 000** | 10 000 |
| Committee meetings | **6 000** | 6 000 |
| Chairman of sub-committee | **10 000** | 10 000 |
| Chairman of Audit Committee | **300 000** | – |
| **Ad hoc work** | | |
| Per hour | **1 500** | 1 500 |

During the 2016 financial year the Chairman of the Audit Committee was paid a fixed fee of R300 000 as authorised at the 2016 annual general meeting. During 2016 a bonus of R580 017 was paid to Mr FJJ Marais as was approved by the Board on recommendation from the Remuneration Committee based on his performance during the 2015 financial year. Directors' remuneration will be budgeted at not more than 1,5% of the gross rental income of the company. No increase in the above fees has been approved for the following financial year.

2. Approval to provide financial assistance to related or inter-related companies: The shareholders also approved by way of special resolution the provision of financial assistance to related or inter-related companies in terms of section 45 of the Companies Act 71 of 2008.
3. Authority to increase the authorised share capital of the company and amendment of the company's Memorandum of Incorporation: A special resolution was passed to authorise the increase of the company's share capital from 500 000 000 to 2 000 000 000 and further to amend the company's Memorandum of Incorporation accordingly.
4. General authority to repurchase shares: Subject to JSE Listings Requirements and the Companies Act the Board was authorised to repurchase any of the ordinary shares issued by the company.

# Report of the Audit Committee

| Members | 22 April 2015 | 5 June 2015 | 5 August 2015 | 26 August 2015 | 29 September 2015 | 21 October 2015 | 30 October 2015 | 14 March 2016 |
|---|---|---|---|---|---|---|---|---|
| AE Wentzel | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| MH Tsolo | ✓ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ | ✗ |
| FN Khanyile | ✗ | ✗ | ✓ | ✓ | ✓ | ✓ | *a* | ✓ |
| JP Snyman | ✓ | *a* | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| **Attendance** | 100% | 67% | 100% | 100% | 100% | 100% | 67% | 100% |

✓ = *Attended*
*a* = *Absent*
✗ = *Change in membership*

The Board has an established Audit Committee (hereunder "the Committee"). All the members of the Committee are financially literate. The members of the Audit Committee are Mr AE Wentzel CA(SA), the lead independent non-executive director, who chairs this Committee, Dr MH Tsolo (with approval from the shareholders to be a member due to Board Chairmanship) who was succeeded by Ms FN Khanyile subsequent to the 2015 annual general meeting and Dr JP Snyman, both of whom are independent non-executive directors. Given the succession of Dr JP Snyman as the new Chairman of the Board it should be noted that shareholders will be required to approve him as a continuing member of the Audit Committee at the 2016 annual general meeting.

## Report by the Audit Committee

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

The Committee is responsible for performing the functions required of 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 auditors' 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 consolidated annual 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 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. The members of this Committee are appointed every year at the annual general meeting.

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 eight meetings with an average of 92% attendance by the members.

The Committee noted the JSE's process with regard to proactive monotoring and confirms that it has accounted for the issues raised in this report.

## 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 confirmed as required by the Companies Act that internal governance processes within the firm support and demonstrate the claim to independence.

The 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 2015, which were reviewed by the external auditors; and
- the annual financial statements at 31 March 2016,

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 Proprietary Limited and Cosmos Management CC. The Audit Committee closely monitors the internal control systems. 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 intervention of the Audit Committee.

## Financial Director assessment

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.

## Group Company Secretary assessment

This Committee interviewed all the key employees of the service providers as well as the Group Company Secretary, Mr DC Engelbrecht, and is satisfied that he 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 Chairman of the Audit Committee is a co-opted non-voting member of the Risk Committee in order to consider, review and report on any financial risks that could affect the company.

On behalf of the Audit Committee:

**AE Wentzel**
*Chairman: Audit Committee*

Pretoria
14 June 2016

# Consolidated statement of financial position

as at 31 March 2016

| | Notes | 2016 R | 2015 R |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | **2 082 513 839** | 1 732 927 674 |
| Investment property | 3 | **2 054 690 350** | 1 706 427 026 |
| Fair value of investment property | | **2 088 583 790** | 1 737 745 309 |
| Operating lease asset | | **(33 893 440)** | (31 318 283) |
| Intangible assets | 4 | **14 208** | 25 575 |
| Operating lease asset | 5 | **27 809 281** | 26 475 073 |
| **Current assets** | | **136 854 591** | 64 868 815 |
| Inventories | 7 | **96 905 412** | 36 632 037 |
| Trade and other receivables | 8 | **28 828 500** | 8 691 904 |
| Operating lease asset | 5 | **6 084 793** | 4 843 210 |
| Current tax receivable | | **1 638 134** | 5 933 521 |
| Cash and cash equivalents | 9 | **3 397 752** | 8 768 143 |
| **Total assets** | | **2 219 368 430** | 1 797 796 489 |
| **Equity and liabilities** | | | |
| **Equity** | | **1 556 031 936** | 1 509 420 702 |
| Stated capital | 10 | **1 116 565 828** | 1 031 570 468 |
| Retained income | | **439 466 108** | 477 850 234 |
| **Liabilities** | | | |
| **Non-current liabilities** | | **645 710 961** | 213 997 633 |
| Interest bearing borrowings | 11 | **627 232 996** | 197 319 609 |
| Deferred tax | 6 | **18 477 965** | 16 678 024 |
| **Current liabilities** | | **17 625 533** | 74 378 153 |
| Trade and other payables | 13 | **11 095 837** | 8 305 007 |
| Interest bearing borrowings | 11 | **6 529 696** | 66 073 147 |
| **Total liabilities** | | **663 336 494** | 288 375 787 |
| **Total equity and liabilities** | | **2 219 368 430** | 1 797 796 489 |

# Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 March 2016

| | Notes | 2016 R | 2015 R |
|---|---|---|---|
| Revenue | 14 | 171 630 938 | 140 433 022 |
| Property revenue | | 169 055 147 | 140 398 218 |
| Operating lease | | 2 575 791 | (34 804) |
| Other income | 15 | 1 184 914 | 2 663 181 |
| Operating expenses | | (48 686 601) | (38 156 921) |
| **Operating profit** | | 124 129 251 | 104 939 282 |
| Interest income | 16 | 464 734 | 600 382 |
| Fair value adjustments | 17 | (4 996 946) | 114 589 608 |
| Gross fair value adjustments | | (2 421 155) | 114 624 412 |
| Operating lease | | (2 575 791) | 34 804 |
| Finance costs | 18 | (36 254 375) | (9 417 667) |
| **Profit before taxation** | | 83 342 664 | 210 711 605 |
| Taxation | 19 | (1 799 940) | (3 884 706) |
| **Profit for the year** | | 81 542 724 | 206 826 899 |
| Other comprehensive income | | – | – |
| **Total comprehensive income for the year** | | 81 542 724 | 206 826 899 |
| Basic earnings per share (cents) | 23 | 46 | 122 |
| Diluted earnings per share (cents) | 23 | 45 | 120 |

# Consolidated statement of changes in equity

for the year ended 31 March 2016

| | Share capital/ stated capital R | Retained income R | Total attributable to equity holders of the group/ company R | Shares paid for and issuable R | Total equity R |
|---|---|---|---|---|---|
| **Balance at 1 April 2014** | 644 152 383 | 362 823 335 | 1 006 975 718 | 104 365 747 | 1 111 341 465 |
| Profit for the year | – | 206 826 899 | 206 826 899 | – | 206 826 899 |
| Other comprehensive income | – | – | – | – | – |
| **Total comprehensive income for the year** | – | 206 826 899 | 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) | – | (91 800 000) |
| **Total contributions by and distributions to owners of company recognised directly in equity** | 387 418 085 | (91 800 000) | 295 618 085 | (104 365 747) | 191 252 338 |
| **Balance at 1 April 2015** | **1 031 570 468** | **477 850 234** | **1 509 420 702** | **–** | **1 509 420 702** |
| Profit for the year | **–** | **81 542 724** | **81 542 724** | **–** | **81 542 724** |
| Other comprehensive income | **–** | **–** | **–** | **–** | **–** |
| **Total comprehensive income for the year** | **–** | **81 542 724** | **81 542 724** | **–** | **81 542 724** |
| Capital raising fee on shares paid for and issued in the current year | **(717 858)** | **–** | **(717 858)** | **–** | **(717 858)** |
| Shares issued through capitalisation dividend | **16 410 225** | **–** | **16 410 225** | **–** | **16 410 225** |
| Shares issued through capitalisation dividend | **15 214 019** | **–** | **15 214 019** | **–** | **15 214 019** |
| Shares issued through rights offer | **54 088 974** | **–** | **54 088 974** | **–** | **54 088 974** |
| REIT distribution | **–** | **(119 926 850)** | **(119 926 850)** | **–** | **(119 926 850)** |
| **Total contributions by and distributions to owners of company recognised directly in equity** | **84 995 360** | **(119 926 850)** | **(34 931 490)** | **–** | **(34 931 490)** |
| **Balance at 31 March 2016** | **1 116 565 828** | **439 466 108** | **1 556 031 936** | **–** | **1 556 031 936** |
| Note(s) | 10 | | | | |

# Consolidated statement of cash flows

for the year ended 31 March 2016

| | Notes | 2016 R | 2015 R |
|---|---|---|---|
| **Net cash used in operating activities** | | | |
| Cash generated from operations | 20 | 43 945 683 | 79 707 319 |
| Interest income | | 464 734 | 600 382 |
| REIT distribution paid | 22 | (88 302 606) | (73 540 758) |
| Finance costs | | (36 254 375) | (9 417 667) |
| Tax received/(paid) | 21 | 4 295 387 | (2 949 614) |
| **Net cash used in operating activities** | | (75 851 177) | (5 600 338) |
| **Net cash used in investing activities** | | | |
| Purchase and development of investment property | 3 | (353 260 270) | (243 968 283) |
| **Net cash used in investing activities** | | (353 260 270) | (243 968 283) |
| **Net cash received from financing activities** | | | |
| Proceeds on share issue | 10 | 53 371 116 | 264 793 096 |
| Proceeds from interest bearing borrowings | | 587 060 824 | 872 078 389 |
| Repayment of interest bearing borrowings | | (216 690 884) | (989 756 151) |
| Repayment of other financial liabilities | | – | (10 041 621) |
| Repayment of shareholders' loan | | – | (4 439 687) |
| **Net cash from financing activities** | | 423 741 056 | 132 634 026 |
| **Total cash movement for the year** | | (5 370 391) | (116 934 595) |
| Cash at the beginning of the year | | 8 768 143 | 125 702 738 |
| **Total cash at the end of the year** | 9 | 3 397 752 | 8 768 143 |

# Notes to the consolidated annual financial statements

for the year ended 31 March 2016

## 1. Accounting policies

### Presentation of financial statements

The consolidated annual financial statements of Safari Investments RSA Limited, and its subsidiary ("the group") have been prepared in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act 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 as at 31 March 2016. 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, or 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, assets and liabilities, income and expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, the group 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 have an impact on 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 portfolio.

**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. Refer note 6 – Deferred tax.

The group was listed as a Real Estate Investment Trust ("REIT") on the JSE Limited on 7 April 2014 and 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 12 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.

After converting to a REIT, capital gains taxation is no longer applicable on the sale of investment property in terms of section 25BB 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. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. 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.

**Assessment of structured entities**

In assessing the relationships with key entities to the group, 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 Investments RSA Limited.

**Inventory**

A percentage of Erf 71 Swakopmund and the development thereon 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.

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;
- location;
- risk profile; and
- cost to sell inventory.

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

**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% to 8% in the future, as the future CPI escalation percentage is not available.

**Fair value of investment property**

Refer to note 1.3.

## 1.3 Fair value of investment property

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

- the current economy;
- nature of the property;
- location;
- 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 group accordingly applied the fair value model.

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 leasable area.

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.

## 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. Amortisation for the year is included in the operating expenses line item on the statement of profit or loss and other comprehensive income.

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

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

| Item | Useful life |
|---|---|
| Computer software | 1 year |
| Website | 3 years |

**Derecognition**

Gains and losses arising from derecognition of intangible assets 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 and other comprehensive income when the asset is derecognised.

## 1.5 Financial instruments

**Classification**

The group 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 or incurred and takes place at initial recognition.

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 1. Accounting policies continued

### 1.5 Financial instruments continued

#### 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 to another party.

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.

#### 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.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

#### 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.

#### 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 net carrying amount of the instrument.

### 1.6 Tax

#### 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 an asset or liability in a transaction which, 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 which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

#### 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.

## 1.7 Leases

All leases with tenants are classified as operating leases.

### Operating leases – lessor

Operating lease income is recognised as 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 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 2015.

## 1.11 Revenue

The group earns revenue from the leasing of 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 goods and services provided in the normal course of business, net of value added tax.

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

## 1.12 Turnover rent

Where applicable turnover rent is negotiated with tenants on an individual basis. Turnover rent is recognised when it is due in terms of the lease agreement.

## 1.13 Borrowing costs

All 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.

## 1.14 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 liabilites 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 Operating Segments 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, Maunde and Nkomo (Atteridgeville);
- Denlyn (Mamelodi);
- Thabong (Sebokeng);
- The Victorian (Heidelberg); and
- Namibia.

## 1.15 Related parties

A related party in the case of the group, is a person or entity that is related to 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

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 1. Accounting policies continued

### 1.15 Related parties continued

iv) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel or 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 of such entities.

The majority of capitalised development costs are transacted with related parties. Bookkeeping and administration services are rendered by related parties. Refer to note 24.

## 2. New Standards and Interpretations (not yet effective) and amendments adopted in 2016

**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 2014.

The group has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

**Disclosure Initiative: Amendment to IAS 1 Presentation of Financial Statements**

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

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 2017 financial statements.

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

**Amendment to IFRS 8 Operating Segments: Annual improvements project**

Management is 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.

The effective date of the amendment is for years beginning on or after 1 July 2014.

The group has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment is not material.

**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 has adopted the amendment for the first time in the 2016 financial statements.

The impact of the amendment was not material.

**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.

**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 2018.

The group expects to adopt the standard for the first time in the 2019 consolidated financial statements.

The impact of this standard is currently being assessed.

**IFRS 16: Leases**

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessors provide relevant information that faithfully represents those transactions.

*Accounting by a lessor*

- Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease.
- A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.
- A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which the benefit from use of the underlying asset is diminished, another systematic basis.

*Disclosure*

- The objective of IFRS 16's disclosures is for information to be provided in the notes that, together with information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users to assess the effect of leases.

The effective date of the standard is for years beginning on or after 1 January 2019.

The group expects to adopt the standard for the first time in the 2020 consolidated financial statements. The impact of the standard is currently being assessed.

## 3. Fair value of investment property

| | 2016 | | 2015 | |
|---|---|---|---|---|
| | Cost/valuation R | Carrying value R | Cost/valuation R | Carrying value R |
| Investment property | 2 054 690 350 | 2 054 690 350 | 1 706 427 026 | 1 706 427 026 |

**Reconciliation of fair value of investment property – 2016**

| | Opening balance R | Additions R | Fair value adjustments (refer to note 17) R | Operating lease straight-lining asset (refer to note 5) R | Total R |
|---|---|---|---|---|---|
| Investment property | 1 706 427 026 | 353 260 270 | (2 421 155) | (2 575 791) | 2 054 690 350 |

**Reconciliation of fair value of investment property – 2015**

| | Opening balance R | Additions R | Fair value adjustments (refer to note 17) 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 |

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 3. Fair value of investment property continued

**Details of property**

| | 2016<br>R | 2015<br>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 | | |
| Erf 86 and 95 measuring 2 751m² | | |
| Sebokeng Unit 10 Ext 1: | | |
| Retail shopping centre | | |
| – Purchase price: Land | **7 739 352** | 7 739 352 |
| – Purchase price: Buildings | **1 637 432** | 1 637 432 |
| – Additions since purchase or valuation | **346 630 479** | 293 292 426 |
| – Fair value adjustments | **26 092 737** | 67 447 397 |
| | **382 100 000** | 370 116 607 |
| **Mamelodi** | | |
| Erf 19265 Mamelodi measuring 4 849m² | | |
| Erf 40827 Mamelodi Ext 13 measuring 75 539m² | | |
| Erf 40827 is a consolidated property made up 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 | **222 360 725** | 214 133 436 |
| – Fair value adjustments | **166 828 871** | 123 756 160 |
| | **581 700 000** | 530 400 000 |
| **Atteridgeville** | | |
| Erf 16248 Atteridgeville Ext 25 measuring 64 926m² | | |
| Erf 16248 is a consolidated property made up 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 | **125 880 955** | 118 409 265 |
| – Fair value adjustments | **96 504 980** | 70 576 670 |
| | **428 500 000** | 395 100 000 |

## 3. Fair value of investment property continued

**Details of property** continued

| | 2016<br>R | 2015<br>R |
|---|---|---|
| **Atteridgeville** | | |
| Erf 9043 measuring 69 068m$^2$ | | |
| Erf 9044 measuring 8 401m$^2$ | | |
| Erf 9045 measuring 3 472m$^2$ | | |
| Atteridgeville Ext 5: | | |
| Property under development | | |
| – Purchase price: Land | 12 561 700 | 12 561 700 |
| – Additions since purchase or valuation | 20 521 982 | – |
| – Fair value adjustments | 42 838 300 | 31 938 300 |
| | 75 921 982 | 44 500 000 |
| **Atteridgeville** | | |
| Remainder of Portion 294, Farm Pretoria Town and Townlands 351, Maunde Street, Atteridgeville Ext 45, Stand 16249 and 16250 measuring 26 141m$^2$: | | |
| Retail shopping centre | | |
| – Purchase price: Land | 4 000 000 | 4 000 000 |
| – Additions since purchase or valuation | 132 724 041 | 91 790 360 |
| – Fair value adjustments | (44 724 041) | 21 609 640 |
| | 92 000 000 | 117 400 000 |
| **Heidelberg** | | |
| Portion 1 and Portion 3 of Erf 3523 measuring 34 000m$^2$ | | |
| Ext 19 Heidelberg Township: | | |
| Retail shopping centre | | |
| – Acquisition through business combination | 132 413 561 | 132 413 561 |
| – Additions business combination | 2 388 397 | 2 388 397 |
| – Additions since purchase or valuation | 10 939 713 | – |
| – Fair value adjustments | (2 241 671) | 7 698 042 |
| | 143 500 000 | 142 500 000 |
| **Soweto** | | |
| Stand 14475 Protea Glen Ext 6, Johannesburg, Gauteng | | |
| Day-hospital | | |
| – Additions since purchase or valuation | 17 877 023 | – |
| – Fair value adjustments | 10 522 977 | – |
| | 28 400 000 | – |
| **Lynnwood** | | |
| Stands 582-585 (inclusive), Portion 1 of Stand 586 (Sections 1 and 2 of Lynnwood 586 Een) and remaining extent of Stand 586 Lynnwood, Tshwane, Gauteng | | |
| Residential property | | |
| – Purchase price: Land and buildings | 40 795 247 | – |

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 3. Fair value of investment property continued

**Subsidiary property**

| | 2016<br>R | 2015<br>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 | 307 018 040 | 66 301 669 |
| – Transferred to inventory | (96 905 412) | (9 374 000) |
| – Fair value adjustments | 89 553 933 | 64 801 033 |
| | 315 666 561 | 137 728 702 |

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 R41 341 994 (2015: R30 786 301) are 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 725 214 (2015: R4 980 871) are included in profit or loss.

### Details of valuation

The effective date of the revaluations was 31 March 2016. 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 group 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 656 200 000 (2015: R1 555 516 607) was based on the discounted cash flow method. The following assumptions were used in respect of:

- Discount rate: 13,5% (2015: 14,0%)
- Capitalisation: 8,5% (2015: 8,0%)

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 R391 588 543 (2015: R182 228 100) was based on the direct comparable method, plus development cost. 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).

## 3. Fair value of investment property continued

**Details of valuation** continued

These assumptions are based on current market conditions. In estimation of the fair value of the properties, the highest and best use of the properties is their current use.

See note 1.2 – Significant judgements and sources of estimation uncertainty and note 1.3 – 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 2016 R | Fair value at 31 March 2015 R | Valuation techniques | Unobservable inputs | Discount rate/ Price per m² 2016 | Discount rate/ Price per m² 2015 | Capitalisation rate 2016 | Capitalisation rate 2015 | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|---|---|---|---|---|
| Erf 16248, Atteridgeville Ext 25 | 428 500 000 | 395 100 000 | Discounted cash flow | Capitalisation rate | 13,50% | 14% | 8,50% | 8,50% | The lower the cap rate the higher the value. |
| Erf 19265 and Erf 40827, Mamelodi Ext 13 | 581 700 000 | 530 400 000 | Discounted cash flow | Capitalisation rate | 13,50% | 14% | 8,50% | 8,50% | The lower the cap rate the higher the value. |
| Erf 19265 and Erf 40827, Mamelodi Ext 13 | 382 100 000 | 370 116 607 | Discounted cash flow | Capitalisation rate | 13,50% | 14% | 8,50% | 8,50% | The lower the cap rate the higher the value. |
| Portion 1 and portion 3 of Erf 3523, Heidelberg Ext 19 | 143 500 000 | 142 500 000 | Discounted cash flow | Capitalisation rate | 13,75% | 14,25% | 8,75% | 8,75% | The lower the cap rate the higher the value. |
| Erf 9043, Erf 9044 and Erf 9045, Atteridgeville Ext 5 | 75 921 982 | 44 500 000 | Direct comparable method | Price per m² Plus capital spent | R685/m² | R550/m² | N/A | N/A | The higher the rate/m² the higher the value. |
| Remainder of Portion 294, Farm Pretoria Town and Townlands, Maunde Street, Atteridgeville Ext 45 | 92 000 000 | 117 400 000 | Discounted cash flow | Capitalisation rate | 13,50% | N/A | 8,50% | N/A | 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 | 315 666 561 | 137 728 702 | Direct comparable method | Price per m² Plus capital spent | N$390m² – N$3 900m² | N$300m² – N$3 500m² | N/A | N/A | The higher the rate/m² the higher the value. |
| Lynnwood | 40 795 247 | | Purchase price | | N/A | N/A | N/A | N/A | Purchased during the year – price deemed to be fair value. |
| Soweto | 28 400 000 | | Discounted cash flow | Capitalisation rate | 14,50% | N/A | 9,50% | N/A | The lower the cap rate the higher the value. |
| | 2 088 583 790 | 1 737 745 309 | | | | | | | |

If the valuator were to increase both the capitalisation and discount rates by 0,50%, the total valuation would decrease by R88 300 000.

**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 | Stand 14475 Protea Glen Extension 6, Johannesburg, Gauteng R | Total R |
|---|---|---|---|---|---|---|---|---|---|
| Fair value adjustment opening 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 |
| Fair value adjustment in 2016 | 25 928 310 | 43 072 711 | (41 354 660) | (9 939 713) | 24 752 900 | 10 900 000 | (66 333 681) | 10 552 977 | (2 421 156) |
| **Fair value adjustment closing balance** | 96 504 980 | 166 828 871 | 26 092 737 | (2 241 671) | 89 553 933 | 42 838 300 | (44 724 041) | 10 552 977 | 385 406 086 |

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 4. Intangible assets

| | 2016 Cost/ valuation R | 2016 Accumulated amortisation R | 2016 Carrying value R | 2015 Cost/ valuation R | 2015 Accumulated amortisation R | 2015 Carrying value R |
|---|---|---|---|---|---|---|
| Computer software | – | – | – | 51 951 | (51 951) | – |
| Website | 34 100 | (19 892) | 14 208 | 34 100 | (8 525) | 25 575 |
| **Total** | 34 100 | (19 892) | 14 208 | 86 051 | (60 476) | 25 575 |

**Reconciliation of intangible assets – 2016**

| | Opening balance R | Amortisation R | Total R |
|---|---|---|---|
| Website | 25 575 | (11 367) | 14 208 |

**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 |

## 5. Operating lease asset

| | 2016 R | 2015 R |
|---|---|---|
| Non-current assets | 27 809 281 | 26 475 073 |
| Current assets | 6 084 793 | 4 843 210 |
| | 33 894 074 | 31 318 283 |
| **Movement can be reconciled as follows:** | | |
| Balance at the beginning of the year | 31 318 283 | 31 283 479 |
| Movement during the year | 2 575 791 | 34 804 |
| | 33 894 074 | 31 318 283 |
| The future minimum lease payments receivable under non-cancellable leases are as follows: | | |
| **Future minimum lease payments receivable:** | | |
| – no later than one year | 153 585 376 | 139 770 598 |
| – later than one year but not later than five years | 289 654 523 | 286 429 627 |
| – later than five years | 145 530 665 | 85 950 945 |
| | 588 770 564 | 512 151 170 |

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

## 6. Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Deferred tax liability | **(19 298 931)** | (17 524 132) |
| Deferred tax asset | **820 966** | 846 108 |
| **Total net deferred tax liability** | **(18 477 965)** | (16 678 024) |
| **Reconciliation of deferred tax asset/(liability)** | | |
| At beginning of year | **(16 678 024)** | (15 021 170) |
| Originating and reversing temporary differences on income received in advance | **(25 142)** | 185 610 |
| Originating and reversing temporary differences on operating lease asset | **(721 221)** | (9 745) |
| Originating and reversing temporary differences on capital allowances for investment property | **(1 053 578)** | (1 832 719) |
| Originating and reversing temporary differences on taxable deposits | **–** | (437 670) |
| Originating and reversing temporary differences on S24C allowance on taxable deposits | **–** | 437 670 |
| | **(18 477 965)** | (16 678 024) |

## 7. Inventories

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Opening balance | **36 632 037** | 19 017 144 |
| Capitalisation of costs | **60 273 375** | 17 614 893 |
| | **96 905 412** | 36 632 037 |

30% of Erf 71, Swakopmund, Erongo Region, Registration division G, measuring 8 712m², being residential units to be erected and constructed on the land, that will be available for sale after capital improvements are completed on the property. Refer to note 26 for effect of change in estimate.

## 8. Trade and other receivables

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Trade receivables | **1 141 061** | 1 092 562 |
| Municipal deposits | **67 927** | 67 927 |
| Value added tax | **27 382 496** | 7 115 067 |
| Other receivables | **123 453** | 246 752 |
| Prepaid expenses | **113 563** | 169 596 |
| | **28 828 500** | 8 691 904 |

**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.

Safari Retail Proprietary Limited performs credit checks on tenants prior to the group entering into lease agreements.

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates. Based on the above facts, no provision for bad debts was raised.

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 8. Trade and other receivables continued

**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 2016, R220 548 (2015: R326 255) was past due but not impaired.

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

| | 2016<br>R | 2015<br>R |
|---|---|---|
| 60 days | 71 935 | 173 256 |
| 90 days and over | 148 613 | 152 999 |

**Trade and other receivables impaired**

As of 31 March 2016, trade and other receivables of R185 176 (2015: R110 659) were impaired directly to the statement of profit or loss and other comprehensive income.

Outstanding debtor balances are presented to the Executive Committee on a monthly basis, where they discuss the recoverability thereof; should they deem that the amount is not recoverable, an instruction will be given to impair.

## 9. Cash and cash equivalents

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Cash and cash equivalents consist of: | | |
| Bank balances | 3 098 987 | 7 398 084 |
| Short-term deposits | 93 848 | 1 247 945 |
| Listing funds' bank account* | 204 917 | 122 114 |
| | 3 397 752 | 8 768 143 |

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 or subsequent share issues. The balance in the account is due to unpaid cheques on the REIT distribution for certificated shareholders and the account requires a minimum account balance of R25 000.*

## 10. Stated capital

| | 2016 | 2015 |
|---|---|---|
| **Authorised** | | |
| 2 000 000 000 (2015: 500 000 000) no par value ordinary shares | | |
| **Reconciliation of number of shares issued:** | | |
| Reported at the beginning of the year | 172 282 443 | 120 864 827 |
| 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 |
| Capitalisation dividend (at R8,29 per share) | 1 979 547 | – |
| Rights offer (at R8,75 per share) | 6 181 597 | – |
| Scrip dividend (at R8,75 per share) | 1 738 732 | – |
| | 182 182 319 | 172 282 443 |

## 10. Stated capital continued

**2016:** Capitalisation dividend of R0,36 per share was declared resulting in 1 979 547 (at R8,29 per share) and 1 738 732 (at R8,75 per share) additional shares listed due to capitalisation option elected. A total of 6 181 597 additional shares were taken up by means of a rights offer at R8,75 per share on 2 October 2015.

The transaction cost of the capitalisation dividend amounted to R717 858 and has been set off against the amount received for the capital.

At the annual general meeting held on 5 August 2015 the decision was taken to increase the authorised share capital to 2 billion.

**2015:** On 7 April 2014 Safari Investment 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 has been set off against the amount received for the capital. R3 924 978 of these costs accrued and were paid for in the prior year.

| | 2016 | 2015 |
|---|---|---|
| **Issued** | | |
| 182 182 319 (2015: 172 282 443) no par value ordinary shares | **1 116 565 828** | 1 031 570 468 |

The issued shares are fully paid for.

## 11. Interest bearing borrowings

| | 2016<br>R | 2015<br>R |
|---|---|---|
| **Held at amortised cost** | | |
| Facility 2 – Absa Bank Limited | **633 762 692** | 263 392 756 |
| Secured loan accruing interest at the prime bank overdraft rate less 1,05% (2016: 9,00%; 2015: 7,75%) at year end. As the group entered into a new loan agreement with Absa (refer to note 28 – Subsequent events) only one repayment of R6 529 696 was made after year end. | | |
| Secured by certain investment property as per note 3. Total facility: R700 000 000. | | |
| Cash received during the 2016 financial year from the interest bearing borrowings: R587 060 824 (2015: R872 078 389). | | |
| Cash repayment during the 2016 financial year on the interest bearing borrowings: R216 690 884 (2015: R989 756 151). | | |
| **Non-current liabilities** | | |
| At amortised cost | **627 232 996** | 197 319 609 |
| **Current liabilities** | | |
| At amortised cost | **6 529 696** | 66 073 147 |
| | **633 762 692** | 263 392 756 |
| **Amortised cost** | | |
| Bank facility | **633 762 692** | 263 392 756 |

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.

Safari Investments RSA Limited entered into a new R900 000 000 agreement with Absa, the agreement became effective at 1 May 2016. According to the new repayment terms, Safari Investments RSA Limited has no capital repayment obligation in the 2017 financial year, except for the April commitment on the previous contract. Please refer to subsequent events (note 28).

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 12. 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 |
|---|---|---|
| **2016** | | |
| Interest bearing borrowings | **633 762 692** | **633 762 692** |
| Trade and other payables | **8 163 816** | **8 163 816** |
| | **641 926 508** | **641 926 508** |
| **2015** | | |
| Interest bearing borrowings | 263 392 756 | 263 392 756 |
| Trade and other payables | 5 283 193 | 5 283 193 |
| | 268 675 949 | 268 675 949 |

## 13. Trade and other payables

| | 2016 R | 2015 R |
|---|---|---|
| Trade payables | **1 921 614** | 1 376 253 |
| Income received in advance | **2 932 021** | 3 021 814 |
| Tenants' deposits received | **6 242 202** | 3 906 940 |
| | **11 095 837** | 8 305 007 |

**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.

## 14. Revenue

| | 2016 R | 2015 R |
|---|---|---|
| Rental income | **161 183 397** | 135 592 728 |
| Straight-line lease income adjustment | **2 575 791** | 34 804 |
| Costs recovered | **7 871 750** | 4 805 490 |
| | **171 630 938** | 140 433 022 |

Certain tenants are also invoiced for turnover rental which is based on a percentage of their audited annual turnover.

Total turnover rental recognised as income in the period is R4 808 155 (2015: R4 561 794).

## 15. Other income

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Administration and management fees received | **10 000** | – |
| Recovery bank charges, contract fees and signage | **654 918** | 615 817 |
| Insurance claims received | **99 207** | 2 816 143 |
| Sundry income | **248 989** | 67 802 |
| Promotional income | **171 800** | 171 500 |
| Profit/(loss) through business combination | **–** | (1 008 081) |
| | **1 184 914** | 2 663 181 |

## 16. Interest income

| | 2016<br>R | 2015<br>R |
|---|---|---|
| **Interest income** | | |
| Bank | **447 589** | 575 283 |
| Interest charged on trade and other receivables | **17 145** | 25 099 |
| | **464 734** | 600 382 |

## 17. Fair value adjustments

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Investment property | **(2 421 155)** | 114 624 412 |
| Operating lease straight-lining asset | **(2 575 791)** | (34 804) |
| | **(4 996 946)** | 114 589 608 |

## 18. Finance costs

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Borrowings | **36 254 375** | 9 417 667 |

The prime lending rate increased by 1,25% year on year (2016: 10,50%; 2015: 9,25%). The increase in finance cost directly relates to the utilisation of the Absa facility to fund capital projects during the construction phase.

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 19. Taxation

| | 2016 R | 2015 R |
|---|---|---|
| **Major components of the tax expense** | | |
| **Current** | | |
| Local income tax – current period | – | 2 227 852 |
| **Deferred** | | |
| Originating and reversing temporary differences on income received in advance | 25 142 | (185 610) |
| Originating and reversing temporary differences on capital allowances on investment property | 1 053 577 | 1 832 719 |
| Originating and reversing temporary differences on operating lease asset | 721 221 | 9 745 |
| Originating and reversing temporary differences on taxable deposits | – | 437 670 |
| Originating and reversing temporary differences on s24C allowance on taxable deposits | – | (437 670) |
| | 1 799 940 | 1 656 854 |
| | 1 799 940 | 3 884 706 |

**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 |
| Non-taxable fair value adjustments | – | (15,23) |
| Assessed loss on Safari Investments Namibia not recognised | – | 1,19 |
| REIT distribution deductible for tax | (28,00) | (12,20) |
| | – | 1,84 |

## 20. Cash generated from operations

| | 2016 R | 2015 R |
|---|---|---|
| Profit before taxation | 83 342 664 | 210 711 605 |
| **Adjustments for:** | | |
| Depreciation and amortisation | 11 367 | 60 476 |
| Interest income | (464 734) | (600 382) |
| Finance costs | 36 254 375 | 9 417 667 |
| Fair value adjustments | 4 996 946 | (114 589 608) |
| Movements in operating lease assets | (2 575 791) | (34 804) |
| **Changes in working capital:** | | |
| Inventories | (60 273 375) | (17 614 893) |
| Trade and other receivables | (20 136 600) | (4 700 814) |
| Trade and other payables | 2 790 831 | (2 941 928) |
| | 43 945 683 | 79 707 319 |

## 21. Tax refunded/(paid)

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Balance at the beginning of the year | **5 933 521** | 5 211 759 |
| Current tax for the year recognised in profit or loss | **–** | (2 227 852) |
| Balance at the end of the year | **(1 638 134)** | (5 933 521) |
| | **4 295 387** | (2 949 614) |

## 22. REIT distribution paid

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Interim profit distribution (34 cents per share) (2015: 20 cents per share) | **(42 165 806)** | (34 000 000) |
| Capitalisation of profit distribution (R8,29 per share) | **(16 410 225)** | – |
| Final profit distribution (34 cents per share) (2015: 34 cents per share) | **(46 136 800)** | (39 540 758) |
| Capitalisation of profit distribution (R8,75 per share) (2015: R8,00 per share) | **(15 214 019)** | (18 259 242) |
| | **(119 926 850)** | (91 800 000) |

REIT distributions are from operational profits.

R88 302 606 (2015: R73 540 758) was paid in cash to shareholders, the remaining balance of R31 624 244 (2015: R18 259 242) was settled by means of capitalisation dividend.

## 23. Earnings per share

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Earnings used in the calculation of basic earnings per share (profit after tax) | **81 542 724** | 206 826 899 |
| Ordinary shares in issue at year end | **182 182 319** | 172 282 443 |
| Weighted average number of ordinary shares | **177 386 298** | 169 733 035 |
| Headline earnings | **83 963 879** | 92 237 289 |
| Basic earnings per share (cents) | **46** | 122 |
| Diluted earnings per share (cents) | **45** | 120 |
| Basic headline earnings per share (cents) | **47** | 54 |
| Diluted headline earnings per share (cents) | **46** | 54 |
| **Headline earnings reconciliation** | | |
| Basic earnings (profit after tax) | **81 542 724** | 206 826 897 |
| Gains and losses from the adjustment to the fair value of non-current assets | **2 421 155** | (114 589 608) |
| **Headline earnings** | **83 963 879** | 92 237 289 |

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 24. Related parties

**Relationships**

| | | |
|---|---|---|
| *Subsidiaries* | Safari Investments Namibia Proprietary Limited (100% owned) | |
| *Common directorship/ trusteeship/ membership* | Safari Hold Proprietary Limited<br>Francois Marais Trust<br>Safari Retail Proprietary Limited<br>Safari Developments (Pretoria) Proprietary Limited<br>Safari Developments Swakopmund Proprietary Limited<br>Matla Quantity Surveyors Proprietary Limited<br>Pretoria Ooginstituut Beleggings Proprietary Limited<br>Mitja Investments No 23 Proprietary Limited<br>Laritza Investments No 171 Proprietary Limited<br>Fifo Investments CC<br>Pace Construction Proprietary Limited<br>Fanus Kruger Trust<br>KA Pashiou Trust | Vasiliki Loizides Trust<br>Juliette Snyman Trust<br>Thabo Investments Corporation Proprietary Limited<br>Jannie & Adri Verwayen Trust<br>Dream World Investments 77 Proprietary Limited<br>Nyeleti Investment Trust<br>Fanus Kruger Consulting CC<br>Women Development Bank<br>Mzansi Wealth Property Fund Proprietary Limited<br>Mzansi Wealth Management Proprietary Limited<br>Mzansi Wealth Holdings Proprietary Limited<br>Fraqur 158 Proprietary Limited |
| *Close corporations controlled by common director* | Cosmos Management CC<br>MDM Architects CC<br>Fanus Kruger Consulting CC | |

| | 2016<br>R | 2015<br>R |
|---|---|---|
| **Related party transactions** | | |
| **Services rendered by/purchases from related parties** | | |
| Safari Developments (Pretoria) Proprietary Limited | **125 107 059** | 186 084 854 |
| Safari Developments Swakopmund Proprietary Limited | **212 086 980** | 58 716 909 |
| Safari Retail Proprietary Limited | **1 948 740** | 2 372 869 |
| Pace Construction Proprietary Limited | **263 387** | – |
| **Close corporations controlled by common director** | | |
| Cosmos Management CC | **232 165** | 235 919 |
| MDM Architects CC | **–** | 85 755 |
| Fanus Kruger Consulting CC | **–** | 226 139 |
| Management and accounting fees paid to related parties | **5 148 697** | 4 298 261 |
| **Compensation to directors and other key management** | | |
| Short-term employee benefits (Directors' remuneration detail – note 25) | **2 588 025** | 1 842 831 |

**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 (55%)

## 24. Related parties continued

**Service provided by material related parties at arm's length:**

*Cosmos Management CC*

Cosmos Management CC provides bookkeeping and property facility management services to the group at a cost of 3% of the group's annual turnover. The whole of Safari's property portfolio is managed by Cosmos Management CC. For Safari's 2016 financial period, Cosmos Management CC's revenue comprises the following:

- 87% (2015: 91%) of revenue received was for property facility management and bookkeeping services, while the remaining 13% (2015: 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 2016 derived from Safari Investments RSA Limited ("Safari" or "the company") amounted to R1 948 740 (2015: R2 266 464). This was 19% (2015: 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 R680 000 (2015: 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 R680 000 (2015: 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 006 464 (2015: 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.

*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. 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 2016:

| Project | Contract value R | Maximum exposure to losses* R | Contractor | Type of agreement | Progress at 31 March 2016 % |
|---|---|---|---|---|---|
| Swakopmund | 575 006 176 | 251 987498 | Safari Developments Swakopmund Proprietary Limited | Turnkey development | 56 |
| Sebokeng | 66 791 360 | 61 475 587 | Safari Developments (Pretoria) Proprietary Limited | Turnkey development | 8 |
| Nkomo Village | 314 434 603 | 280 912 621 | Safari Developments (Pretoria) Proprietary Limited | Turnkey development | 11 |
| Heidelberg | 16 303 948 | 3 430 994 | Safari Developments (Pretoria) Proprietary Limited | Turnkey development | 79 |
| | 972 536 087 | 597 806 699 | | | |

** 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.

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 25. Directors' emoluments

| | Directors' fees R | Committee fees R | Consulting fees R | Total R |
|---|---|---|---|---|
| **Executive** | | | | |
| **2016** | | | | |
| JZ Engelbrecht | 1 152 186 | 120 000 | – | 1 272 186 |
| FJJ Marais | 100 000 | 230 000 | 11 250 | 341 250 |
| K Pashiou | 74 000 | 66 000 | 17 250 | 157 250 |
| | 1 326 186 | 416 000 | 28 500 | 1 770 686 |

| | Directors' fees R | Committee fees R | Total R |
|---|---|---|---|
| **Executive** | | | |
| **2015** | | | |
| JZ Engelbrecht | 568 752 | 6 000 | 574 752 |
| FJJ Marais | 100 000 | 100 000 | 200 000 |
| K Pashiou | 72 000 | 54 000 | 126 000 |
| | 740 752 | 160 000 | 900 752 |

| | Directors' fees R | Committee fees R | Consulting fees R | Total R |
|---|---|---|---|---|
| **Non-executive** | | | | |
| **2016** | | | | |
| FN Khanyile | 47 333 | 30 000 | – | 77 333 |
| SJ Kruger | 46 000 | – | 47 250 | 93 250 |
| M Minnaar | 74 000 | 112 000 | – | 186 000 |
| PA Pienaar | 26 667 | – | 3 000 | 29 667 |
| JP Snyman | 74 000 | 102 000 | – | 176 000 |
| MH Tsolo | 100 000 | 40 000 | – | 140 000 |
| JC Verwayen | 48 000 | 18 000 | – | 66 000 |
| AE Wentzel | – | 300 000 | – | 300 000 |
| | 416 000 | 602 000 | 50 250 | 1 068 250 |
| **2015** | | | | |
| SJ Kruger | 64 000 | – | 12 000 | 76 000 |
| M Minnaar | 72 000 | 66 000 | – | 138 000 |
| PA Pienaar | 72 000 | 54 000 | 7 500 | 133 500 |
| JP Snyman | 66 000 | 42 000 | – | 108 000 |
| MH Tsolo | 100 000 | 80 000 | – | 180 000 |
| JC Verwayen | 72 000 | 18 000 | – | 90 000 |
| AE Wentzel | 72 000 | 90 000 | 4 500 | 166 500 |
| DE van Straten | 69 333 | 42 000 | 99 000 | 210 333 |
| | 587 333 | 392 000 | 123 000 | 1 102 333 |

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

## 26. Change in estimate

**Inventory**

The group measured inventory at 30% of Erf 71, Swakopmund, Erongo Region, Registration division G, measuring 8 712m², being residential units to be erected and constructed on the land. In the current period the group has revised its estimate to 30% of the total construction cost of the project, based on the quantity surveyor's estimates. Previously the estimate was based on the land portion. The effect of this revision is illustrated below:

| | Current 2016 R | Previous 2016 R |
|---|---|---|
| **Statement of financial position** | | |
| Inventory | 96 905 412 | 117 991 036 |
| Investment property | 315 666 598 | 294 580 974 |
| | 412 572 010 | 412 572 010 |

## 27. 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 9, and equity as disclosed in the statement of financial position amounting to R2 186 396 275 (2015: R1 764 045 315).

REIT distribution of 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 ratios at 2016 and 2015 respectively was as follows:

| | 2016 R | 2015 R |
|---|---|---|
| **Total borrowings** | | |
| Interest bearing borrowings | 633 762 692 | 263 392 756 |
| *Less:* Cash and cash equivalents | 3 397 752 | 8 768 143 |
| Net debt | 630 364 940 | 254 624 613 |
| Total equity | 1 556 031 335 | 1 509 420 702 |
| Total capital | 2 186 396 275 | 1 764 045 315 |
| **Gearing** | 41 | 17 |

**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.

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 27. Risk management continued

### 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 |
|---|---|---|---|
| **As at 31 March 2016** | | | |
| Trade and other payables | **8 163 816** | **–** | **–** |
| Interest bearing borrowings | **6 529 696** | **627 232 996** | **–** |
| **As at 31 March 2015** | | | |
| Trade and other payables | 5 283 193 | – | – |
| Interest bearing borrowings | 82 444 958 | 87 391 656 | 129 841 045 |

### Interest rate risk

The group's interest rate risk arises from long-term bank borrowings at variable interest rates (therefore cashflow 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 2016, if interest rates on Rand-denominated borrowings had been 1% lower or 1% higher with all other variables held constant, post-tax profit for the year would have been R4 583 485 (2015: R1 183 367) lower or R4 583 485 (2015: R1 190 366) higher respectively, mainly as a result of higher interest expense on floating rate borrowings.

### 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 weekly 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:

| | 2016 R | 2015 R |
|---|---|---|
| **Financial instrument** | | |
| Trade and other receivables | **1 141 061** | 1 339 314 |
| Cash and cash equivalents | **3 397 752** | 8 768 143 |

## 28. Subsequent events

Safari increased its interest bearing borrowings with Absa to R900 000 000 with effect from 1 April 2016 at lending rate of prime less 1,05%. The facility will be utilised to fund capital projects.

At the Board meeting held on 25 May 2016 the following capital projects or deviations on existing projects were approved:

- The approved capital budget of R31 031 776 at the Denlyn Centre would be adjusted downwards by R8 102 879 to the value of R22 928 897;
- The capital budget at Thabong Centre (phase 4) development was decreased by R1 748 406 from R87 990 595 to R86 242 189;
- The Victorian Centre upgrade project budget was increased by R7 929 718 from the budget of R16 303 948 to R24 233 666; and
- The Platz am Meer budget was increased by R64 626 053 from a total investment value of R575 018 832 to R639 644 885.

The Group Company Secretary was Safari Retail Proprietary Limited, represented by Mr DC Engelbrecht. With effect from 1 April 2016 Mr DC Engelbrecht was directly appointed by the company as the Group Company Secretary.

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

## 29. Net asset value per share

| | 2016<br>R | 2015<br>R |
|---|---|---|
| Total assets | **2 219 368 430** | 1 797 796 488 |
| Total liabilities | **(663 336 494)** | (288 375 786) |
| | **1 556 031 936** | 1 509 420 702 |
| Ordinary shares in issue (note 10) | **182 182 319** | 172 282 443 |
| Net asset value per share (cents) | **854** | 876 |
| Tangible net asset value (cents) | **854** | 876 |

# Notes to the consolidated annual financial statements continued

for the year ended 31 March 2016

## 30. 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.

| | Atteridge-ville R | Mamelodi R | Sebokeng R | Heidelberg R | Namibia R | Recon-ciliation R | Total R |
|---|---|---|---|---|---|---|---|
| **31 March 2016** | | | | | | | |
| Turnover (external) | 51 732 450 | 57 282 830 | 45 447 605 | 15 843 140 | 85 785 | – | 170 391 810 |
| Reportable segment profit before investment revenue, fair value adjustments and finance costs | 40 247 133 | 47 194 044 | 31 767 423 | 10 775 190 | (868 775) | – | 129 115 015 |
| Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs | – | – | – | – | – | (4 985 764) | (4 985 764) |
| **Profit before investment revenue, fair value adjustments and finance costs** | – | – | – | – | – | – | 124 129 251 |
| **Segment assets and liabilities** | | | | | | | |
| Segment assets | 596 672 064 | 582 030 160 | 383 047 363 | 143 597 721 | 440 857 804 | – | 2 146 205 112 |
| Unallocated assets | – | – | – | – | – | 73 163 318 | 73 163 318 |
| **Total assets** | 596 672 064 | 582 030 160 | 383 047 363 | 143 597 721 | 440 857 804 | 73 163 318 | 2 219 368 430 |
| Segment liabilities | 3 369 926 | 3 266 726 | 2 785 360 | 587 680 | 504 280 | – | 10 513 972 |
| Unallocated liabilities | – | – | – | – | – | 652 822 522 | 652 822 522 |
| **Total liabilities** | 3 369 926 | 3 266 726 | 2 785 360 | 587 680 | 504 280 | 652 822 522 | 663 336 494 |
| **Other segment items** | | | | | | | |
| Interest revenue (external) | 4 119 | 3 683 | 10 349 | 786 | 1 621 | – | 20 558 |
| Unallocated interest revenue | – | – | – | – | – | 444 176 | 444 176 |
| **Investment revenue** | 4 119 | 3 683 | 10 349 | 786 | 1 621 | 444 176 | 464 734 |
| **Fair value adjustments** | (29 505 372) | 43 072 711 | (41 354 660) | (9 939 713) | 24 752 901 | 10 552 977 | (2 421 155) |
| Interest expense | – | – | (20 084) | – | – | – | (20 084) |
| Unallocated interest expense | – | – | – | – | – | (36 234 291) | (36 234 291) |
| **Finance costs** | – | – | (20 084) | – | – | (36 234 291) | (36 254 375) |

## 30. Segmental reporting continued

| | Atteridge-ville R | Mamelodi R | Sebokeng R | Heidelberg R | Namibia R | Recon-ciliation R | Total R |
|---|---|---|---|---|---|---|---|
| **31 March 2015** | | | | | | | |
| Turnover (external) | 38 390 897 | 54 391 189 | 32 010 715 | 15 752 326 | 96 627 | – | 140 641 754 |
| 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) | – | 112 354 847 |
| 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 | – | – | 8 358 547 |
| 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) |

# Property portfolio

| Name | Location | Sector | Region |
|---|---|---|---|
| **Regional shopping centres** | | | |
| Atteridgeville | Cnr Khoza and Mankopane Streets, Atteridgeville | Retail | Gauteng |
| Atteridgeville | Maunde Street, Atteridgeville | Retail | Gauteng |
| Mamelodi | Cnr Stormvoël and Maphalla Roads, Mamelodi | Retail | Gauteng |
| Sebokeng | Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng | Retail | Gauteng |
| Heidelberg | Cnr Voortrekker and Jordaan Streets, Heidelberg | Retail | Gauteng |
| **Private day-hospital** | | | |
| Soweto | | Healthcare | Gauteng |
| **Stands for development** | | | |
| Sebokeng | Erf 95 & 86 Moshoeshoe Street, Sebokeng | | Gauteng |
| Sebokeng | Erf 103 Moshoeshoe Street, Sebokeng | | Gauteng |
| Lynnwood | Cnr Lynnwood Road and Roderick – Sussex and Roderick, Lynnwood | | Gauteng |
| **Property in process of development** | | | |
| Atteridgeville | Cnr Lengau, Thlou, Lepogo and Church Streets | | Gauteng |
| Swakopmund | Albatros Street, Swakopmund, Namibia | Retail | Namibia |
| **Total retail** | | | |

The average annualised property yield for the income-generating property portfolio is 8% for the 2016 financial year.

| Market value as attributed by independent valuer R'000 | Built area $m^2$ | Vacancy % | Weighted average rental/$m^2$ | Zoning | Freehold/ Leasehold | Approximate age of building (years) |
|---|---|---|---|---|---|---|
| 428 500 | 41 200 | 0,1 | 112,92 | Special – various | Freehold | 9 |
| 92 000 | 10 550 | 14 | 100,94 | Special – various | Freehold | 1 |
| 581 700 | 42 200 | 1 | 137,56 | Special – various | Freehold | 12 |
| 373 600 | 41 150 | 3,7 | 106,77 | Special – various | Freehold | 8 |
| 143 500 | 15 400 | 1 | 122,29 | Special – various | Freehold | 17 |
| 28 400 | 2 817 | 0 | 138,47 | Special – various | Freehold | 0,5 |
| 2 117 | | n/a | n/a | Special – various | Freehold | |
| 6 383 | | n/a | n/a | Special – various | Freehold | |
| 40 795 | | n/a | n/a | Special – various | Freehold | |
| 75 922 | | n/a | n/a | Special – various | Freehold | |
| 412 600 | | n/a | n/a | | | |
| **2 185 517** | **153 317** | | | | | |



# Shareholders' information

# Analysis of ordinary shareholders

as at 31 March 2016

## Shareholder spread

| | Number of shareholdings | % of total shareholdings | Number of shares | % of shares in issue |
|---|---|---|---|---|
| 1 – 1 000 shares | 235 | 23,67 | 91 848 | 0,05 |
| 1 001 – 10 000 shares | 433 | 43,60 | 1 444 628 | 0,79 |
| 10 001 – 100 000 shares | 142 | 14,30 | 4 514 955 | 2,48 |
| 100 001 –1 000 000 shares | 132 | 13,29 | 47 928 903 | 26,31 |
| 1 000 001 shares and over | 51 | 5,14 | 128 201 985 | 70,37 |
| **Total** | **993** | **100,00** | **182 182 319** | **100,00** |

## Distribution of shareholders

| | Number of shareholdings | % of total shareholdings | Number of shares | % of shares in issue |
|---|---|---|---|---|
| Assurance companies | 2 | 0,20 | 1 251 846 | 0,69 |
| Close corporations | 20 | 2,01 | 4 019 452 | 2,21 |
| Collective investment schemes | 25 | 2,52 | 44 411 535 | 24,38 |
| Custodians | 1 | 0,10 | 14 621 | 0,01 |
| Foundations and charitable funds | 1 | 0,10 | 3 383 | – |
| Investment partnerships | 3 | 0,30 | 5 983 | – |
| Managed funds | 2 | 0,20 | 382 436 | 0,21 |
| Organs of state | 1 | 0,10 | 7 147 857 | 3,92 |
| Private companies | 34 | 3,42 | 37 132 677 | 20,38 |
| Public companies | 1 | 0,10 | 98 083 | 0,05 |
| Retail shareholders | 743 | 74,84 | 13 562 461 | 7,45 |
| Retirement benefit funds | 4 | 0,40 | 4 288 855 | 2,35 |
| Stockbrokers and nominees | 3 | 0,30 | 58 | – |
| Trusts | 152 | 15,31 | 69 863 071 | 38,35 |
| Unclaimed scrip | 1 | 0,10 | 1 | – |
| **Total** | **993** | **100,00** | **182 182 319** | **100,00** |

## Shareholder type

| | Number of shareholdings | % of total shareholdings | Number of shares | % of shares in issue |
|---|---|---|---|---|
| **Non-public shareholders** | 19 | 1,91 | 23 214 082 | 12,74 |
| Directors and associate companies | 19 | 1,91 | 23 214 082 | 12,74 |
| **Public shareholders** | 974 | 98,09 | 158 968 237 | 87,26 |
| **Total** | **993** | **100,00** | **182 182 319** | **100,00** |

## Fund managers with a holding greater than 3% of the issued shares

| | Number of shares | % of shares in issue |
|---|---|---|
| Grindrod Asset Management | 25 214 403 | 13,84 |
| Stanlib Asset Management | 22 837 090 | 12,54 |
| Public Investment Corporation | 7 147 857 | 3,92 |
| **Total** | **55 199 350** | **30,30** |

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

| | Number of shares | % of shares in issue |
|---|---|---|
| Stanlib | 18 268 449 | 10,03 |
| Grindrod | 10 458 269 | 5,74 |
| Nedbank Group | 9 443 534 | 5,18 |
| Safarihold Proprietary Limited | 7 650 001 | 4,20 |
| Plentytrade Proprietary Limited | 7 229 867 | 3,97 |
| Government Employees Pension Fund | 7 147 857 | 3,92 |
| **Total** | **60 197 977** | **33,04** |

| | |
|---|---|
| Total number of shareholders | 993 |
| Total number of shares in issue | 182 182 319 |

# Notice of annual general meeting

## Safari Investments RSA Limited

(Registration number 2000/015002/06)
Share code: SAR | ISIN: ZAE000188280
(Approved as a REIT by the JSE)
(the "company")

Notice is hereby given that the annual general meeting of shareholders of Safari ("AGM") will be held at 14:00 on Wednesday, 27 July 2016, at Irene Country Lodge, Nellmapius Drive, Irene, Pretoria, for the purpose of:

- dealing with such business as may lawfully be dealt with at the AGM; and
- considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out hereunder.

Kindly note that, in terms of section 63(1) of the Companies Act 71 of 2008, as amended ("the Companies Act"), meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Kindly note further that in terms of section 62(3)(e) of the Companies Act:

- A shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder; and
- A proxy need not be a shareholder of the company.

Shareholders are advised that the company's integrated annual report for the year ended 31 March 2016 was dispatched to shareholders on Wednesday, 22 June 2016.

## Record dates, proxies and voting

In terms of section 59(1)(a) and (b) of the Companies Act, the Board of the company has set the following record dates for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM) as Friday, 10 June 2016;
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM) as Friday, 22 July 2016, with the last day to trade being Friday, 15 July 2016.

## Presentation of audited consolidated annual financial statements

The annual financial statements of the company and the group, including the reports of the directors, group Audit Committee and the independent external auditors, for the year ended 31 March 2016, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act.

The complete set of the audited annual financial statements, together with the abovementioned reports, are set out on pages 54 to 83 of the company's 2016 integrated annual report. The company's 2016 integrated annual report, together with the complete set of the audited consolidated annual financial statements, is available on the company's website at www.safari-investments.com; alternatively, it may be requested and obtained in person, at no charge, from the registered office of the company during office hours.

The Audit Committee report is set out on page 52 of the company's 2016 integrated annual report.

## Presentation of group Social and Ethics Committee report

The report by the Social and Ethics Committee for the year ended 31 March 2016, as included in the 2016 integrated annual report on page 39, is presented to the shareholders in terms of regulation 43 of the Companies Regulations 2011.

## Ordinary business

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of the company:

Note: For any of the ordinary resolutions numbered 1 to 8 (inclusive) to be adopted, more than 50% (fifty percent) of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 9 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

### 1. Retirement and re-election of directors

**Ordinary Resolution No. 1:**

"Resolved that Mr AE Wentzel, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

**Ordinary Resolution No. 2:**

"Resolved that Dr M Minnaar, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolutions numbers 1 to 2 (inclusive) is that the Memorandum of Incorporation of the company, the Listings Requirements of the JSE Limited ("JSE") and, to the extent applicable, the South African Companies Act 71 of 2008, as amended ("the Companies Act") require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors. Brief résumés of these directors appear on pages 26 and 27 of the 2016 Annual Report.

## 3. Re-appointment of independent external auditor

**Ordinary Resolution No. 3:**

"Resolved that Deloitte & Touche be and is hereby re-appointed as the auditor of the company for the ensuing year, on the recommendation of the company's Audit Committee."

Shareholders are hereby advised that the Board of Safari or its Audit Committee will undertake a full review of the cost, performance and scope of the audit function performed by the independent auditors of the company. In order to ensure good corporate governance, the Board may independently engage with a number of other service providers to assess the value proposition that best meets Safari's requirements in terms of good corporate governance, sustainability and the empowerment codes.

The reason for ordinary resolution number 3 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

## 4. Re-appointment of Audit Committee members

To elect, by separate resolutions, an Audit Committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act, and appointed in terms of section 94(2) of that act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009, and to perform such other duties and responsibilities as may from time to time be delegated by the Board of Directors for the company, all subsidiary companies and controlled trusts.

The Board of Directors has assessed the performance of the Audit Committee members standing for re-election and has found them suitable for appointment. Brief résumés of these directors appear on pages 26 and 27 of the 2016 integrated annual report.

**Ordinary Resolution No. 4:**

"Resolved that Dr JP Snyman, the Chairman of the Board of Safari, being eligible, be and is hereby re-appointed as a member of the Audit Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

Shareholders are advised that Dr Snyman succeeded Dr MH Tsolo as Chairman of the Board of Safari and are thus required to specifically take note and approve that he be a member of the Audit Committee.

**Ordinary Resolution No. 5:**

"Resolved that Ms FN Khanyile, being eligible, be and is hereby appointed as a member of the Audit Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

**Ordinary Resolution No. 6:**

"Resolved that Dr M Minnaar, being eligible, be and is hereby appointed as a member of the Audit Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

**Ordinary Resolution No. 7:**

"Resolved that Mr AE Wentzel, being eligible, be and is hereby re-appointed as a member and Chairman of the Audit Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

The reason for ordinary resolutions numbers 4 to 7 (inclusive) is that the company, being a public listed company, must appoint an Audit Committee and the Companies Act requires that the members of such Audit Committee be appointed, or re-appointed, as the case may be, at each AGM of the company.

## 4. Place the unissued ordinary shares under the control of the directors

**Ordinary Resolution No. 8:**

"It is resolved that, in accordance with the Memorandum of Incorporation, the authorised but unissued ordinary shares in the share capital of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby generally authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listings Requirements of the JSE ("Listings Requirements"), where applicable."

Shareholders are urged to note the unissued ordinary stated capital of the company represents approximately 91% of the entire authorised stated capital of the company as at the date of the notice of this AGM.

The reason for the ordinary resolution number 8 is that in terms of the company's Memorandum of Incorporation, the shareholders must authorise that the unissued ordinary shares are placed under the control of the directors.

## 5. General authority to issue authorised but unissued ordinary shares for cash

**Ordinary Resolution No. 9:**

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue all or any of the authorised but unissued equity securities in the capital of the company for cash as and when the directors in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation and the Listings Requirements, where applicable, on the basis that:

- this authority shall be valid until the company's next AGM or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined in the Listings Requirements and not to related parties;
- the equity securities which are the subject of the issue for cash must be of a class already in issue or must be limited to such securities or rights that are convertible into a class already in issue;

# Notice of annual general meeting continued

- the maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors and the party subscribing for the securities (the JSE will be consulted for a ruling if the company's securities have not traded in such 30 business day period);
- an announcement, giving full details of such issue, will be published on SENS at the time of any issue representing, on a cumulative basis, 5% or more of the number of ordinary shares in issue prior to that issue in terms of the Listings Requirements;
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 15% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders or options granted by the trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 15% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 15% of the company's issued ordinary share capital (net of treasury shares) amounts to 27 327 347 ordinary shares."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers or dividends reinvested for shares, in consideration of acquisitions and/or share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the company), it is necessary for the Board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the Memorandum of Incorporation of the company. Accordingly, the reason for ordinary resolution number 8 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the Memorandum of Incorporation.

In order for ordinary resolution number 9 to be adopted, the support of at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this AGM is required.

## Special business

In order for these special resolutions to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this meeting, is required.

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions of the company:

### 6. Approval of non-executive (and executive) directors' remuneration

**Special Resolution No. 1:**

"Resolved that in terms of section 66(9) of the Act, as amended, payment of the remuneration of the directors of Safari for their services as directors is hereby approved as follows:

For the period 1 April 2016 to 31 March 2016:

| | R |
|---|---|
| **Basic fee per quarter** | |
| Chairman of the Board | 10 000 |
| Chief Executive Officer *(CEO)* | 10 000 |
| Director | 8 000 |
| **Attendance fees** | |
| Board meetings *(Chairman)* | 10 000 |
| Board and Exco meetings *(CEO)* | 10 000 |
| Board and Exco meetings *(directors)* | 6 000 |
| Committee meetings *(Chairman and CEO)* | 10 000 |
| Committee meetings | 6 000 |
| Chairman of subcommittee *(excluding Audit Committee)* | 10 000 |
| Chairman of Audit Committee | 300 000 |
| **Ad-hoc work** | |
| Per hour | 1 500 |

Thereafter but only until the expiry of a period of 12 (twelve) months from the date of the passing of this special resolution number 1 (or until amended by a special resolution of shareholders prior to the expiry of such period), on the same basis as above, escalated as determined by the Board of Safari, up to a maximum of 5% per annum per amount set out as aforesaid."

The reason and effect of special resolution number 1 is to enable the company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Companies Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders.

The role of non-executive directors is under increasing focus of late, with greater accountability and risk attached to the position.

### 7. Amendment to Memorandum of Incorporation

**Special Resolution No. 2:**

"Resolved, as a special resolution, that the Memorandum of Incorporation of the company be and is hereby amended by the deletion of existing clause 9 in its entirety, and the substitution thereof with the following new clause 9:

'If a fraction of a Share comes into being as a result of any action contemplated in clause 9 or any other corporate action, the Board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number and make or facilitate a cash payment for any fractional entitlement. Notwithstanding the aforementioned to the extent that the JSE advises of another principle to apply to fractional entitlements, the Board may apply such principle'."

The reason for special resolution number 2 is to obtain the required approval from shareholders to amend the Memorandum of Incorporation of the company in the manner that aligns the Memorandum of Incorporation with the recent amendments to the Listings Requirements.

The effect of special resolution number 2 is that the company will have the necessary authority to amend the Memorandum of Incorporation in the manner set out in special resolution number 2, which amendments have also been approved by the JSE.

## 8. Inter-company financial assistance

### 8.1 Inter-company financial assistance

**Special Resolution No. 3:**

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the Board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, *inter alia,* authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

### 8.2 Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

**Special Resolution No. 4:**

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the Board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 4 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia,* to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 3 and 4 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's Memorandum of incorporation have been met.

## 9. To transact such other business as may be transacted at an annual general meeting

# Important notes regarding attendance at the annual general meeting

## General

Shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name.

## Certificated shareholders and own name dematerialised shareholders

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration are entitled to attend and vote at the AGM and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person appointed need not be a shareholder of the company.

Proxy forms must be forwarded to reach the registered office of the transfer secretaries, being Computershare Investor Services Proprietary Limited, by 9:00 on Friday, 22 July 2016. Alternatively the proxy forms can be forwarded to reach the Group Company Secretary at his registered office on or before 12:00 on Thursday, 21 July 2016.

# Notice of annual general meeting continued

Before the appointed proxy exercises any rights of a shareholder at the AGM, the proxy form in terms of which such proxy is appointed, must be delivered to the transfer secretary/Group Company Secretary as aforesaid. Any proxy form not lodged by such time must be handed to the Chairman of the meeting immediately prior to the AGM.

## Dematerialised shareholders other than with own-name registration

Dematerialised shareholders, other than own-name dematerialised shareholders, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in the custody agreement entered into between such shareholders and the CSDP or broker:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting will be by way of a poll and every shareholder of the company present in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

## Electronic participation

Should any shareholder (or representative/proxy) wish to participate in the AGM by way of electronic participation, that shareholder should apply to the transfer secretaries, in writing (which application must include details on how the shareholder/representative/proxy can be contacted), to so participate, at their address below. The application must be received by the transfer secretaries at least seven business days prior to the AGM (thus Monday, 20 July 2016) for the transfer secretaries to arrange for the shareholder (or representative/proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative/proxy) with details on how to access the AGM by means of electronic participation. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or that an insufficient number of shareholders (or their representatives/proxies) request to so participate.

Participants are advised that they will not be able to vote during the meeting. Such participants, should they wish to have their votes counted at the meeting, must act in accordance with the general instructions regarding the forms of proxy, as contained in this notice.

Shareholders must take note of the following:

- A limited number of telecommunication lines will be available;
- Each participant will be contacted between 9:00 and 11:00 on Wednesday, 27 July 2016 via e-mail and/or SMS. Participants will be provided with a code and the relevant telephone number to allow them to dial in;
- The cost of the shareholder's phone call will be for his/her own expense; and
- The cut-off time for electronic participation in the meeting will be at 13:15 on Wednesday, 27 July 2016 and no late dial-in will be possible.

## Summary of shareholder rights

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, are as follows:

- A shareholder entitled to attend and vote at the AGM may, at any time, appoint any individual (or two or more individuals) as a proxy or proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.
- A proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy, and subject to the rights of a shareholder to revoke such appointment (as set out below). It remains valid only until the end of the meeting.
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any of his/her rights as shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of (a) the date stated in the revocation instrument, if any; or (b) the date on which the revocation instruments is delivered to the company as required in the first sentence of this paragraph, whichever is the later.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to: (a) the shareholder; or (b) the proxy or proxies, if the shareholder has: (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the notes on the proxy form.

By order of the Board

**DC Engelbrecht**
*Group Company Secretary*

Pretoria
22 June 2016

**Registered office:**
420 Friesland Lane
Lynnwood
Pretoria 0081

# Form of proxy

## Safari Investments RSA Limited

(Registration number 2000/015002/06)
Share code: SAR | ISIN: ZAE000188280
(Approved as a REIT by the JSE)
(the "company")

Each share comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy in order for their vote/s to be valid.

This form of proxy is for use by the holders of the company's certificated shares ("certificate shareholders") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company, to be held at the Irene Country Lodge, Nellmapius Road, Irene, Pretoria on Wednesday, 27 July 2016 at 14:00 or any adjournment, if required. Additional forms of proxy are available at the company's registered office.

**This form of proxy is not for the use by holders of the company's dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.**

I/We

(Name in BLOCK LETTERS)

of

(Address)

Being the registered holder/s of (number) ordinary shares in Safari Investments RSA Limited

Hereby appoint: of or failing him,

Chairman of the annual general meeting, as my/our proxy(ies) to vote for me/us on my/our behalf at the annual general meeting of the company and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done, the proxy will vote as he thinks fit.

| | | In favour of | Against | Abstain |
|---|---|---|---|---|
| **Ordinary Resolutions** | | | | |
| **Re-election of directors (by way of separate resolutions)** | | | | |
| 1. | Mr AE Wentzel | | | |
| 2. | Dr M Minnaar | | | |
| 3. | Re-appointment of Independent external auditors: Deloitte & Touche | | | |
| **Re-appointment of Audit Committee members** | | | | |
| 4. | Dr JP Snyman | | | |
| 5. | Ms FN Khanyile | | | |
| 6. | Dr M Minnaar | | | |
| 7. | Mr AE Wentzel *(Chairman)* | | | |
| 8. | Place the unissued ordinary shares under the control of the directors | | | |
| 9. | General authority to issue authorised but unissued ordinary shares for cash | | | |
| **Special Resolutions** | | | | |
| 1. | Approval of non-executive (and executive) directors' remuneration | | | |
| 2. | Amendment to the Memorandum of Incorporation | | | |
| 3. | Approval to provide financial assistance in terms of section 45 of the Companies Act 71 of 2008: Inter-company financial assistance | | | |
| 4. | Approval to provide financial assistance in terms of section 44 of the Companies Act 71 of 2008: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company | | | |

Signed at on 2016

Signature

Assisted by (if applicable)

Please read the notes on the reverse.

# Notes to the form of proxy

1) Each of the shares comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy for their vote/s to be valid.
2) This form of proxy is to be completed only by those shareholders who hold shares in certificated form or recorded in the sub-register in electronic form in their "own name".
3) Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.
4) Shareholders who are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialed by the shareholders. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the Chairman shall be deemed to be appointed as the proxy.
5) A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the Chairman, to vote or abstain from voting as deemed fit and in the case of the Chairman to vote in favour of any resolution.
6) A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
7) Forms of proxy must be lodged at, posted or e-mailed to the Transfer Secretaries, Computershare Investor Services Proprietary Limited (PO Box 61051, Marshalltown 2107, Fax: 011 688 5238, e-mail: proxy@computershare.co.za or to the Group Company Secretary (dirk@safari-retail.com) to be received at least 48 hours prior to the annual general meeting.
8) The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted. In addition to the aforegoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.
9) Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.
10) The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
11) Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Safari Retail Proprietary Limited or waived by the Chairman of the annual general meeting.
12) Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
13) A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
14) The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act 71 of 2008, as amended.

# 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 12 365 1881
Fax: +27 86 272 1313
E-mail: info@safari-investments.com
Website: www.safari-investments.com

## Directors of Safari Investments RSA Limited

JZ Engelbrecht *(Executive Financial Director)*
FN Khanyile *(Independent non-executive director)*
SJ Kruger *(Non-executive alternate director)*
FJJ Marais *(Chief Executive Officer)*
M Minnaar *(Independent non-executive director)*
K Pashiou *(Executive director)*
JP Snyman *(Independent non-executive Chairman)*
JC Verwayen *(Non-executive alternate director)*
AE Wentzel *(Lead independent non-executive director)*

## Auditors

Deloitte & Touche
Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens, Pretoria 0081

## Commercial banker

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

## Group Company Secretary

Dirk Engelbrecht BCom LLB
420 Friesland Lane, Lynnwood, Pretoria
Postal: 420 Friesland Lane, Lynnwood, Pretoria 0081

## Corporate adviser

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

## Legal advisers

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

## 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

## 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

SAFARI
INVESTMENTS RSA LTD

www.safari-investments.com