

Safari Investments RSA Limited  
 Registration number: 2000/015002/06  
 Approved as a REIT by the JSE Limited  
 JSE share code: SAR  
 ISIN: ZAE000188280  
 Republic of South Africa  
 ("Safari" or the "Company" or the "Group")

Condensed consolidated reviewed interim financial results  
 for the period ended 30 September 2017

The condensed consolidated interim financial statements have been reviewed by Deloitte & Touche. The Financial Director, Mr WL Venter CA (SA), was responsible for the preparation of these reviewed financial statements, executed by the Financial Manager of Cosmos Management CC, Mr MC Basson. Safari Investments RSA Limited and Subsidiary

Income-generating retail portfolio  
 for the period ended 30 September 2017

	The Victorian	Denlyn	Atlyn	Thabong
Geographic	Heidelberg, Gauteng	Mamelodi, Gauteng	Atteridgeville, Gauteng	Sebokeng, Gauteng
Trading since	1997	2003	2006	2007
Total built area	15 400m2	43 500m2	41 200m2	43 100m2
Occupation levels	99%	99%	100%	100%
National tenants	96%	90%	91%	90%
Number of shops	40	109	95	104
Annual trading density/m2 September 2017*	R41 700/m2	R44 300/m2	R30 400/m2	R26 200/m2

	Mnandi	Soweto Private Day- hospital	Platz am Meer
Geographic	Atteridgeville, Gauteng	Soweto, Gauteng	Swakopmund, Namibia
Trading since	2015	2016	2016
Total built area	10 600m2	2 800m2	29 500m2
Occupation levels	98%	100%	94%
National tenants	76%	100%	81%
Number of shops	31	N/A	70

Annual trading density/m2  
 September 2017\* R23 100/m2 N/A R24 600/m2

\*This excludes furniture and financial services.

National average trading density for centres situated in South Africa: R29 700/m2 (centres in category of Atlyn, Denlyn and Thabong) and R36 300/m2 (centres in category of The Victorian and Mnandi).

(Source: IPD Q2 2017).

Portfolio vacancy % 1%  
 Portfolio national % 89%  
 Portfolio trading density R32 300/m2

Lease expiry profile of the portfolio

As at 30 September  
 2017/2018 - 14% GLA  
 2017/2018 - 18% Revenue  
  
 2018/2019 - 10% GLA  
 2018/2019 - 11% Revenue  
  
 2019/2020 - 13% GLA  
 2019/2020 - 17% Revenue  
  
 2020/2021 - 13% GLA  
 2020/2021 - 15% Revenue  
  
 2021+ - 49% GLA  
 2021+ - 39% Revenue

Condensed consolidated statement of financial position  
 as at 30 September 2017

		Reviewed 30 September 2017 R' 000	Reviewed 30 September 2016 R' 000	Audited 31 March 2017 R' 000
	Notes			
Assets				
Non-current assets				
Investment property	1	2 501 727	2 212 487	2 421 550
Fair value of investment		2 541 185	2 243 481	2 456 990

property				
Operating lease asset		(39 458)	(30 994)	(35 440)
Intangible assets		-	9	-
Loans to shareholders		42 871	-	-
Operating lease asset	2	38 322	27 409	33 349
		2 582 920	2 239 905	2 454 899
Current assets				
Inventories	3	193 188	142 077	175 003
Loans to shareholders	4	7 660	-	-
Trade and other receivables	6	23 381	50 496	14 139
Operating lease asset	2	1 136	3 585	2 091
Current tax receivable		-	1 638	1 638
Cash and cash equivalents		3 427	3 031	2 931
		228 792	200 827	195 802
Total assets		2 811 712	2 440 732	2 650 701
Equity and liabilities				
Equity				
Stated capital	4	2 088 293	1 154 020	1 187 088
Share-based payment reserve	5	49 800	-	-
Retained income		412 163	410 719	476 453
		2 550 256	1 564 739	1 663 541
Liabilities				
Non-current liabilities				
Interest bearing borrowings	7	139 680	842 250	898 433
Deferred tax		26 265	19 678	23 105
		165 945	861 928	921 538
Current liabilities				
Trade and other payables	6	15 787	14 065	15 792

Interest bearing borrowings	7	950	-	5 576
Bank overdraft		78 774	-	44 254
		95 511	14 065	65 622
Total liabilities		261 456	875 993	987 160
Total equity and liabilities		2 811 712	2 440 732	2 650 701

Condensed consolidated statement of profit or loss and other comprehensive income for the period ended 30 September 2017

	Notes	Reviewed 6 months ended 30 September 2017 R' 000	Reviewed 6 months ended 30 September 2016 R' 000	Audited 12 months ended 31 March 2017 R' 000
Revenue		121 668	91 933	204 973
Property revenue	8	117 650	94 833	203 427
Operating lease	2	4 018	(2 900)	1 546
Other income		4 144	2 546	4 477
Other operating expenses	9	(32 582)	(29 920)	(64 889)
Operating profit		93 230	64 559	144 561
Investment income		630	101	182
Finance costs		(33 361)	(33 909)	(59 012)
Share-based payment expense	5	(49 800)	-	-
Fair value adjustment		-	-	74 822
Fair value of investment property		-	-	76 368
Operating lease asset		-	-	(1 546)
Profit before taxation		10 699	30 751	160 553
Taxation		(3 161)	(1 200)	(4 627)
Profit for the period		7 538	29 551	155 926
Other		-	-	-

comprehensive income			
Total comprehensive income for the period	7 538	29 551	155 926
Basic earnings per share (cents)	3,61	15,81	83,46
Diluted earnings per share (cents)	3,43	15,81	83,46

Condensed consolidated statement of changes in equity for the period ended 30 September 2017

	Share capital R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance at 1 April 2016 (Audited)	1 116 566	-	439 466	1 556 032
Profit for the period	-	-	29 551	29 551
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	29 551	29 551
Shares issued through capitalisation dividend	5 928	-	-	5 928
Private placement	31 578	-	-	31 578
Capital raising fee on shares paid for and issued in the current period	(53)	-	-	(53)
REIT distribution	-	-	(58 298)	(58 298)
Total contributions	37 453	-	(58 298)	(20 845)

by and  
distributions  
to owners of  
Company  
recognised  
directly in  
equity

Balance at 30  
September 2016  
(Reviewed)

Profit for the  
period

Other  
comprehensive  
income

Total  
comprehensive  
income for the  
period

Shares issued  
through  
capitalisation  
dividend

Private  
placement

Capital raising  
fee on shares  
paid for and  
issued in the  
current period

REIT  
distribution

Total  
contributions  
by and  
distributions  
to owners of  
Company  
recognised  
directly in  
equity

1 154 019	-	410 719	1 564 738
-	-	126 375	126 375
-	-	-	-
-	-	126 375	126 375
13 341	-	-	13 341
20 000	-	-	20 000
(272)	-	-	(272)
-	-	(60 641)	(60 641)
33 069	-	(60 641)	(27 572)

Share-based  
payment  
reserve

Share  
capital  
R' 000

Retained  
income  
R' 000

Total  
equity  
R' 000

Balance 1 April

1 187 088	-	476 453	1 663 541
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2017 (Audited)

Profit for the period	-	-	7 538	7 538
Total comprehensive income for the period	-	-	7 538	7 538
Share-based payment	-	49 800	-	49 800
Total share-based payments for the period	-	49 800	-	49 800
Shares issued through capitalisation dividend	2 853	-	-	2 853
Private placement	152 000	-	-	152 000
Private placement	756 600	-	-	756 600
Capital raising fee on shares paid for and issued in the current period	(10 248)	-	-	(10 248)
REIT distribution	-	-	(71 828)	(71 828)
Total contributions by and distributions to owners of Company recognised directly in equity	901 205	-	(71 828)	829 377
Balance 30 September 2017 (Reviewed)	2 088 293	49 800	412 163	2 550 256

Condensed consolidated statement of cash flows for the period ended 30 September 2017

	Reviewed	Reviewed	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 September	30 September	31 March

	2017 R' 000	2016 R' 000	2017 R' 000
Net cash used in operating activities			
Cash generated from operations	61 781	3 595	84 313
Interest income	630	101	182
Finance costs	(33 361)	(33 909)	(59 012)
REIT distribution	(68 975)	(52 371)	(99 668)
Tax received	1 638	-	-
Net cash used in operating activities	(38 287)	(82 584)	(74 185)
Net cash used in investing activities			
Purchase and development of investment property	(80 179)	(157 797)	(292 037)
Net cash used in investing activities	(80 179)	(157 797)	(292 037)
Net cash from financing activities			
Proceeds on share issue	898 352	31 526	51 254
Proceeds from interest bearing borrowings	145 682	340 307	677 330
Repayment of interest bearing borrowings	(909 061)	(131 819)	(407 083)
Proceeds from bank overdraft	79 704	-	71 142
Repayment of bank overdraft	(24 387)	-	(47 685)
Advance on shareholders' loan	(50 531)	-	-
Net cash from financing activities	139 759	240 014	344 958
Total cash movement for the period	21 293	(367)	(21 264)
Cash at the beginning of the period	(17 866)	3 398	3 398
Total cash at the end of the period	3 427	3 031	(17 866)

Explanatory notes to the condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income



1. It is the Group's policy to have the investment property portfolio valued on an annual basis by an independent valuator. The previous valuation was done on 31 March 2017 and the next valuation will be done on 31 March 2018. These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13 Fair Value Measurement. 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. If the valuator were to increase both the capitalisation and discount rates by 0,50% the total valuation would decrease by R113 845 000. If the valuer were to decrease both the capitalisation and discount rates by 0,50% the total valuation would increase by R140 872 000. The finalisation of the Thabong expansion in Sebokeng and Denlyn shopping centre in Mamelodi together with the commencement of the construction phase of the Nkomo Village property in Atteridgeville and continued construction of the Platz am Meer property in Swakopmund resulted in a 3% increase in the value of investment property since 31 March 2017. The construction costs are financed by the R900 million Absa facility (interest-bearing borrowings) and the N\$100 million Bank Windhoek overdraft facility.

2. Most of Safari's current lease agreements are in the first half of the lease term. Renewals are negotiated well in advance with an average annual escalation of 8%.

3. Luxury upmarket residential units consist of 30% of Erf 71, Swakopmund, Erongo Region, Registration division G, measuring 8,712m<sup>2</sup>. The 36 luxury upmarket apartments will be available for sale in the ordinary course of business. The units are currently being marketed by an appointed agent.

4. Safari raised in total R2,9 million (375 337 ordinary Safari shares) through the dividend reinvestment process during July 2017. Shareholders had the option to reinvest their distribution in ordinary shares at a price of R7,60 per share. The capital raised through the dividend reinvestment process was utilised to settle part of the facility used to finance the construction of current projects.

During July 2017 Safari entered into a subscription agreement with SA Corporate Real Estate Limited ("SA Corporate") whereby the company has issued 20 million ordinary shares at R7,60 per share to SA Corporate for a total cash amount of R152 million in terms of the company's general authority to issue shares for cash.

During August 2017 Safari entered into the following subscription agreements raising a total of R757 million:

- a. Southern Palace Capital Proprietary Limited: 66 million ordinary shares at R7,60 per share
- b. Safarihold Proprietary Limited: 657 895 ordinary shares at R7,60 per share

- c. Stanlib Asset Managers: 5 263 158 ordinary shares at R7,60 per share
- d. Bridgfund Asset Managers: 21 052 632 ordinary shares at R7,60 per share
- e. WDB Investment Holdings Limited ("WDBIH"): 6 578 948 ordinary shares at R7,60 per share

Safari provided financial assistance by issuing a capital and interest guarantee to Sanlam for 91% of the transaction value of the Southern Palace transaction. Financial assistance was also provided to WDBIH by way of vendor financing.

In the 2018 financial year Safari will distribute a minimum of 75% of its taxable earnings to the shareholders as per the REIT requirements, and the shareholders will be liable for the tax on the profit distributed.

5. Safari was approached by Southern Palace Capital Proprietary Limited ("Southern Palace"), a subsidiary of Southern Palace Group of Companies Proprietary Limited (the "Southern Palace Group") to subscribe for shares in Safari. After taking into account the Southern Palace Group's potential value add as a strategic BEE investor given their focus on infrastructure development and real estate and their know-how, Safari decided to enter into negotiations with Southern Palace.

On 7 July 2017 shareholders approved the issue of 66 million new Safari shares (the "subscription shares") to Southern Palace for a total consideration of R501,6 million. Shareholders also approved financial assistance by Safari to Southern Palace for this subscription. The structure of the financial assistance provided by Safari is explained in more detail below.

Accounting treatment of the Southern Palace Capital Proprietary Limited transaction

The transaction with Southern Palace consists of two elements, which are accounted for as follows:

5.1 The cash funded specific issue, being the subscription by Southern Palace of 6 789 474 subscription shares for a cash consideration of R51,6 million. This part of the subscription is funded by Southern Palace using third party funding and/or own cash reserves. Consequently, the cash proceeds, net of transaction costs, increases share capital and the number of Safari shares in issue.

5.2 The balance of the subscription of 66 million shares (59 210 526 shares) is funded by Sanlam Life Insurance Limited (Acting through its Sanlam Capital Markets Division) ("Sanlam"). Safari issued an interest- and capital guarantee to the amount of R455 million for the loan facilities provided to Southern Palace. The funding is secured by a pledge and cession in favour of Sanlam over the 66 million shares. Safari entered into an "Acknowledgement of Claim and Reversionary Pledge and Cession Agreement" with

Southern Palace whereby Southern Palace irrevocably and unconditionally agrees to indemnify Safari for the full amount paid by Safari on account of the borrower's obligations under the guarantees issued as set out above.

On initial recognition, being 28 August 2017, the date on which the funded shares of 59 210 526 subscription shares were issued, a once-off IFRS 2 charge of R49,8 million and corresponding share-based payment reserve was recognised. Consequently, the subscription shares issued to Southern Palace in terms of the Sanlam funded specific issue have not been treated as issued for accounting purposes. The guarantees provided by Safari to Sanlam in terms of the financial assistance approved by shareholders triggered the IFRS 2 charge. The IFRS 2 charge was measured at fair value, using a Monte Carlo option pricing model on the effective date of the transaction. The assumptions used in this model include:

- a. A closing spot price of R6,80 per Safari share as at 28 August 2017;
- b. Volatility of 31,94% (based on historical trends in the Safari share price); and
- c. Three year term guarantee.

Consequently, reserves were increased due to the share-based payment transaction taking place.

6. Trade and other receivables fluctuated between the comparative periods, mainly due to the Value Added Tax ("VAT") receivable from the Namibian Revenue Services for the financial period under review. The VAT receivable is as a result of the current construction projects at the Platz am Meer property in Swakopmund, a substantial portion of the VAT receivable was received from the Namibian Revenue Services subsequent to 30 September 2017.

Trade and other payables consists of tenant deposits held, income received in advance and accrued expenses.

7. The bulk of current and non-current liabilities relate to the facilities being utilised to finance the project development of the Platz am Meer Waterfront Centre, the construction of the Nkomo property and expansions at existing properties as mentioned in note 1 above. The capital raising mentioned in note 4 above resulted in a significant decrease in interest bearing borrowings which will also result in a significant decrease in finance cost for the 2018 financial year, compared to the 2017 financial year.

8. The September 2017 interim property revenue increased by 24% compared to the September 2016 interim figure. The increase is a result of annual rental escalations, reduced vacancy rates and an improved tenant mix together with expansions as mentioned in note 1 above and the Platz am Meer Shopping Centre which commenced trading during September 2016.

9. The September 2017 interim operating expenses as a percentage of revenue was 27% compared to 33% in September 2016.

Condensed consolidated segmental report  
for the period ended 30 September 2017

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000
30 September 2017 (Reviewed)				
Turnover (external)	31 041	36 507	23 938	10 740
Reportable segment profit before investment revenue, fair value adjustments and finance costs	24 574	31 733	15 449	8 156
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Segment assets	694 496	692 781	507 426	157 740
Unallocated assets	-	-	-	-
Total assets	694 496	692 781	507 426	157 740
Segment liabilities	4 140	3 050	4 321	644
Unallocated liabilities	-	-	-	-
Interest bearing borrowings	-	-	-	-
Total liabilities	4 140	3 050	4 321	644
Other segment items				
Interest revenue (external)	12	6	13	-
Unallocated interest revenue	-	-	-	-
Investment revenue	12	6	13	-

Fair value adjustments	-	-	-	-
Interest expense	-	-	-	-
Unallocated interest expense	-	-	-	-
Finance costs	-	-	-	-

	Namibia R' 000	Reconciliation R' 000	Total R' 000
30 September 2017 (Reviewed)			
Turnover (external)	17 241	2 201	121 668
Reportable segment profit before investment revenue, fair value adjustments and finance costs	13 454	-	93 366
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	(136)	(136)
Profit before investment revenue, fair value adjustments and finance costs	-	-	93 230
Segment assets	628 222	-	2 680 665
Unallocated assets	-	131 047	131 047
Total assets	628 222	131 047	2 811 712
Segment liabilities	81 016	-	93 171
Unallocated liabilities	-	27 655	27 655
Interest bearing borrowings	-	140 630	140 630
Total liabilities	81 016	168 715	261 456
Other segment items			
Interest revenue (external)	-	-	31
Unallocated interest revenue	-	599	599
Investment revenue	-	599	630

Fair value adjustments	-	-	-
Interest expense	-	-	-
Unallocated interest expense	-	33 361	33 361
Finance costs	-	33 361	33 361

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000
30 September 2016 (Reviewed)				
Turnover (external)	27 586	30 887	21 949	7 623
Reportable segment profit before investment revenue, fair value adjustments and finance costs	21 046	26 144	14 653	4 942
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Segment assets and liabilities				
Segment assets	602 010	594 201	401 344	148 577
Unallocated assets	-	-	-	-
Total assets	602 010	594 201	401 344	148 577
Segment liabilities	4 435	3 493	3 287	912
Unallocated liabilities	-	-	-	-
Interest bearing borrowings	-	-	-	-
Total liabilities	4 435	3 493	3 287	912
Other segment items				
Interest revenue	15	19	16	2

(external)

Unallocated interest revenue	-	-	-	-
Investment revenue	15	19	16	2
Fair value adjustments	-	-	-	-
Interest expense	-	-	-	-
Unallocated interest expense	-	-	-	-
Finance costs	-	-	-	-

	Namibia R' 000	Reconciliation R' 000	Total R' 000
30 September 2016 (Reviewed)			
Turnover (external)	579	3 309	91 933
Reportable segment profit before investment revenue, fair value adjustments and finance costs	251	-	67 036
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	(2 477)	(2 477)
Profit before investment revenue, fair value adjustments and finance costs	-	-	64 559
Segment assets and liabilities			
Segment assets	612 093	-	2 358 225
Unallocated assets	-	82 507	82 507
Total assets	612 093	82 507	2 440 732
Segment liabilities	1 335	-	13 462
Unallocated liabilities	-	20 281	20 281
Interest bearing borrowings	-	842 250	842 250
Total liabilities	1 335	862 531	875 993

Other segment items			
Interest revenue (external)	-	-	52
Unallocated interest revenue	-	49	49
Investment revenue	-	49	101
Fair value adjustments	-	-	-
Interest expense	-	-	-
Unallocated interest expense	-	(33 909)	(33 909)
Finance costs	-	(33 909)	(33 909)

#### Notes to the condensed consolidated reviewed financial statements Basis of preparation

The preparation of the group's interim financial results for the six months ended 30 September 2017 was the responsibility of the Financial Director, Mr WL Venter, executed by the Financial Manager, Mr MC Basson. The consolidated interim financial statements are prepared in accordance with IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council, the Listing Requirements of the JSE Limited and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

#### Financial statements

The interim financial results have been reviewed by Deloitte & Touche in accordance with ISRE 2410 - "Review of interim financial information performed by the independent auditor of the entity". The review report issued by Deloitte & Touche is unmodified and is available for inspection at the issuer's registered office. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report, together with the accompanying financial information, from the issuer's registered office. The review report can be obtained at Safari's registered office or on the website: [www.safari-investments.com](http://www.safari-investments.com). The directors take full responsibility for the preparation of the interim consolidated financial results.

Any reference to future financial information included in this announcement has not been reviewed or reported by the auditor.



The interim consolidated financial statements were approved by the Board of Directors on 20 November 2017.

#### New standards and interpretations

The accounting policies of the group have been applied consistently with the policies as presented in the consolidated financial statements for the year ended 31 March 2017.

#### Events during and subsequent to the reporting period

##### Events during the financial period

On 19 June 2017 a distribution of 34 cents per share was declared, with the option to reinvest the distribution in exchange for ordinary Safari shares. A total of 375 337 new shares were issued to shareholders who exercised this option. Refer to note 4 for information on the share subscriptions that took place.

At the Annual General Meeting held on 2 August 2017 all resolutions were passed and Dr JP Snyman and Me FN Khanyile were re-elected as non-executives who retired by rotation in terms of the memorandum of incorporation and being eligible offered themselves for re-election. It was further resolved that the directors of the company be authorised, by way of a general authority, to issue a maximum of 15% of the issued share capital from the authorised but unissued shares in the capital of the company for cash. The shareholders also passed a non-binding advisory vote on the Company's Remuneration Policy which is available for inspection on the Company's website.

During July 2017 Safari issued 20 million ordinary shares to SA Corporate for a total cash amount of R152 million in terms of the company's general authority to issue shares.

During August 2017 Safari concluded the transaction in terms of the subscription agreements entered into during November 2016 raising a total of R757 million. The following ordinary shares were issued in terms of this private placement share issue as authorised by shareholders during a special general shareholders meeting held on 7 July 2017:

- a. Southern Palace Capital Proprietary Limited: 66 million ordinary shares at R7,60 per share
- b. Safarihold Proprietary Limited: 657 895 ordinary shares at R7,60 per share
- c. Stanlib Asset Managers: 5 263 158 ordinary shares at R7,60 per share
- d. Bridgefund Asset Managers: 21 052 632 ordinary shares at R7,60 per share
- e. WDB Investment Holdings Proprietary Limited: 6 578 948 ordinary shares at R7,60 per share

Safari provided financial assistance by issuing a capital and interest guarantee to Sanlam for 91% of the transaction value of the Southern Palace transaction. Financial assistance was also provided to WDBIH by way of vendor financing.

The following new investments were approved by the Board of Safari during the 31 August 2017 board meeting:

Nkomo Village Shopping Centre is Safari's third shopping centre development in Atteridgeville with a gross built area of 22 921m<sup>2</sup> and lettable area of 18 682m<sup>2</sup>. It will boast with first time national tenants in this area including Boxer, Builders Superstore, McDonalds, Fruit and Veg City, Medizone and the Gym Company. The project developers are Safari Developments (Pretoria) Proprietary Limited and the opening date is set for 22 November 2018. The total development budget approved by the board amounts to R345 239 856. 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.

Events subsequent to the financial period

The following capital expenditure to the Platz am Meer centre was furthermore approved by the Board of Safari during the 8 November 2017 board meeting:

- a. Mooring facilities in the small boat harbour to the amount of N\$6,2 million
- b. N\$5,0 million to upgrade the roads adjacent to the centre and adding a taxi rank and bus parking area to ease access to the centre.

On 8 November 2017 the board accepted SJ Kruger's resignation as non-executive alternate director. The board is considering new appointments to ensure optimal board composition.

Related-party transactions

Below a list of all related-party transactions during the period:

	Reviewed 6 months ended 30 September 2017 R' 000	Reviewed 6 months ended 30 September 2016 R' 000	Audited 12 months ended 31 March 2017 R' 000
Services rendered by/purchases from related parties			
Safari Developments Pretoria Proprietary Limited	35 095	40 690	81 971
Safari Developments Swakopmund Proprietary Limited	55 390	150 571	252 471

Safari Retail Proprietary Limited	940	881	2 753
Matla Quantity Surveyors Proprietary Limited	-	-	66
Fanus Kruger Consulting CC	80	-	80
Safarihold Proprietary Limited	375	-	-
Pace Construction Proprietary Limited	1 066	3 186	3 617
Close corporation controlled by common director			
Cosmos Management CC	3 430	2 890	6 446
MDM Architects CC	69	67	114

Earnings per share  
for the period ended 30 September 2017

	Reviewed 6 months ended 30 September 2017	Reviewed 6 months ended 30 September 2016	Audited 12 months ended 31 March 2017
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	7 538	29 551	155 926
Ordinary shares in issue at year end ('000)	251 975	186 871	191 257
Weighted average number of ordinary shares ( '000)	208 656	183 102	186 837
Diluted weighted average number of ordinary share ('000)	219 657	183 102	186 837
Headline earnings (R'000)	7 538	29 551	79 558
Basic earnings per share (cents)	3,61	15,81	83,46
Diluted earnings per share (cents)	3,43	15,81	83,46
Basic headline earnings	3,61	16,14	42,58

per share (cents)			
Diluted headline earnings per share (cents)	3,43	16,14	42,58
Headline earnings reconciliation			
Basic earnings (profit after tax) (R'000)	7 538	29 551	155 926
Gains and losses from the adjustment to the fair value of non-current assets (R'000)	-	-	(76 368)
Headline earnings (R'000)	7 538	29 551	79 558

Net asset value per share for the period ended 30 September 2017

	Reviewed 6 months ended 30 September 2017	Reviewed 6 months ended 30 September 2016	Audited 12 months ended 31 March 2017
Total assets (R'000)	2 811 712	2 440 732	2 650 701
Total liabilities (R'000)	(261 456)	(875 993)	(987 160)
	2 550 256	1 564 739	1 663 541
Ordinary shares in issue for NAV calculation	311 186	186 871	191 257
Net asset value per share (cents)	819,53	837,34	869,79
Tangible net asset value (cents)	819,53	837,34	869,79

#### Board commentary Profile

Safari Investments RSA Limited ("Safari"), with a total asset base of R2,8 billion, is a retail-focused Real Estate Investment Trust ("REIT") listed on the Johannesburg Stock Exchange Limited ("JSE") main board under the property section. On 15 June 2017 a distribution of 34 cents per share was declared, with the option to reinvest the distribution in exchange for ordinary Safari shares. A total of 375 337 shares were issued to shareholders electing to reinvest their distribution.

Safari invests in quality income-generating property; revenue is generated through sustainable rental income. There were no

significant changes to the nature of the business during the financial period under review.

#### Property portfolio

The property portfolio includes six established/income-generating retail centres, of which three are serving as regionals in their areas. These include Denlyn in Mamelodi (43 500m<sup>2</sup>); Atlyn (41 200m<sup>2</sup>) and Mnandi (10 600m<sup>2</sup>) in Atteridgeville; Thabong in Sebokeng (43 100m<sup>2</sup>); The Victorian in Heidelberg (15 400m<sup>2</sup>) and Platz am Meer in Swakopmund (29 500m<sup>2</sup>) that opened for trading on 22 September 2016. During 2016 Safari also acquired its first private day-hospital (2 800m<sup>2</sup>) in Soweto with Advanced Health Limited as tenant. An investment in solar panels was also completed at the Platz am Meer shopping centre in Swakopmund in the current reporting period, generating further investment revenue. This is in addition to the revenue already generated by solar panels at Denlyn, Atlyn and Mnandi.

During 2016 Safari also acquired six properties situated in Lynnwood, Pretoria, with an aggregate land size of 1,3 hectares which is held for potential future development. There are residential units on some of these properties for which occupation rent is charged. Two vacant stands (1 376m<sup>2</sup> and 1 375m<sup>2</sup> in size respectively) adjacent to Thabong shopping centre in Sebokeng have also been acquired in the current financial reporting period, further enhancing the expansion possibilities of the Thabong shopping centre.

Bulk reserve (retail and other):

Thabong: ± 10,000m<sup>2</sup>

Platz am Meer: ± 10,000m<sup>2</sup>

Nkomo Village: ± 20,000m<sup>2</sup>

Lynnwood: ± 12,000m<sup>2</sup>

#### Letting activity

Safari's vacancy factor in its portfolio as at 30 September 2017 was 1% (2016: 2%) of the total income-generating space. The average annual rental escalation percentage for the period was 8% (2016: 8%).

At Mnandi we added a gym, Cash Crusaders and Roots Griller in the current reporting period. A gym adds significant value to a centre as it draws additional feet, especially at times when the centre would typically be quiet.

At Sebokeng, Slater Gym opened its doors for trading during April 2017 and a newly revamped Jetmart was relocated within the centre.

#### Current projects

##### Atteridgeville

The earthworks for the Nkomo Village development in Atteridgeville were completed in the previous reporting period. The development, close to the existing Saulsville Station, will have a total gross lettable area of 18 682m<sup>2</sup> and the total investment value is R384 million. This retail centre will be co-anchored by Pick n Pay and

Boxer. We will also welcome the first Builders Superstore and McDonalds to the Atteridgeville community. Nkomo Village is set to open in November 2018.

The left-in access to Mnandi shopping centre from Maunde Street has been completed during March 2017. This had a noticeable positive impact in terms of traffic in the centre and improved trading densities.

#### Sebokeng

At Thabong Centre the Builders Warehouse Superstore of approximately 1 500m<sup>2</sup> (excluding yard space of 385m<sup>2</sup>) has been completed and opened its doors for trading during October 2016.

#### Swakopmund

Construction of the retail portion of the development, known as Platz am Meer, has been finalised and commenced trading on 22 September 2016. The centre has been received with a great deal of excitement from the Swakopmund community. The 36 luxury upmarket apartments which will be completed by the end of November 2017 are currently being actively marketed by Pam Golding Properties Namibia.

The location of the development is strategically incomparable. New developments to the north are changing the patterns and flow of traffic and business in Swakopmund completely.

The waterfront site is well-located within the residential area.

The Platz am Meer development comprises a mixed-use development of retail, office and upmarket residential apartments. Mooring facilities in the small boat harbour will be finalised in 2018. The waterfront development is truly unique and a special addition to the coastal town of Swakopmund, strengthening the town's tourist attractiveness.

#### Denlyn

The 1 250m<sup>2</sup> expansion of the Denlyn shopping centre has been completed, further enhancing the tenant mix of Denlyn with the addition of national retailers such as Shoe City, Footgear, Pep Cell and Cross Trainer who commenced trading on 24 November 2016.

#### Financial performance

Headline earnings decreased from R29,5 million to R7,5 million compared with the same period for the previous year. The decrease is directly related to the IFRS 2 charge which is explained in more detail in note 5 of the financial statements. Headline earnings per share (cents) decreased by 77% to 3,61 cents per share, compared with 15,81 cents per share for the comparative period.

If the IFRS 2 charge is disregarded in order to provide comparative figures, the headline earnings would then have increased from R29,5 million to R57,3 million compared with the

same period for the previous year. Headline earnings per share (cents) would then increase by 74% to 27,48 cents per share, compared with 15,81 cents per share for the comparative period.

#### Funding

Safari has a secured loan facility of R900 million of which R250 million is ring-fenced in terms of the Absa guarantee provided on the Southern Palace transaction. Currently the debt represents 8% of the total value of assets ("LTV") and the cost of finance is at the prime lending rate less 1,05%. The prime lending rate decreased by 0,25% compared to the comparative period.

#### Credit rating

During September 2017 Safari received its third credit rating from Global Credit Rating Co. ("GCR"):

- National Long term: BBB(ZA)
- National Short term: A2(ZA)
- Rating outlook: Positive

Source: Global Credit Rating

#### 2017 Annual General Meeting

Safari's Annual General Meeting was held on 2 August 2017. All resolutions proposed were passed and are available on [www.safari-investments.com](http://www.safari-investments.com).

#### Directorate

At the 2017 Annual General Meeting Ms FN Khanyile and Dr JP Snyman were re-elected as non-executives who retired by rotation in terms of the Memorandum of Incorporation and, being eligible, offered themselves for re-election. Mr WL Venter was appointed as the Financial Director effective 1 April 2017. Ms FN Khanyile, Dr M Minnaar, Dr JP Snyman and Mr AE Wentzel were re-appointed as members of the Audit and Risk Committee. The Board subsequently reviewed all Board committees and in line with King IV principles resolved that the Remuneration and Nominations committees will be merged and Ms FN Khanyile, Dr M Minnaar and Mr AE Wentzel (as Chairperson) were constituted as members of the new Audit and Risk Committee with effect from 31 August 2017.

#### Prospects

The Board is committed to maximising the rental income streams with the proactive letting strategy focused on national tenants, and minimising the operating expenditure. The Board will focus on opportunities in order to achieve sustainable long-term, recurring distributable earnings. The recent capital raising settled a significant portion of debt resulting in a substantial saving on interest, and ensures that the Company minimises financial risk associated with high debt levels.

Any forecast in the results has not been reviewed or reported on by the independent external auditors and is the responsibility of the Board.

By order of the Board  
20 November 2017

Corporate information  
Country of incorporation  
Republic of South Africa (7 July 2000)

Registered address and place of business  
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Group Company Secretary  
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Corporate adviser  
Fanus Kruger Consulting cc  
(Registration number 2006/173299/23)  
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Directors of Safari Investments RSA Limited  
FN Khanyile (Independent non-executive)  
SJ Kruger (Non-executive alternate)  
FJJ Marais (Chief Executive Officer)  
M Minnaar (Independent non-executive)  
K Pashiou (Executive)  
JP Snyman (Independent non-executive Chairman)  
WL Venter (Executive Financial Director)  
AE Wentzel (Lead independent non-executive)

Independent valuer  
Mills Fitchet (Tvl) CC  
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Visit our investor relations link on our website for more  
information and financial updates, profiles and news.  
[www.safari-investments.com/investor-relations/](http://www.safari-investments.com/investor-relations/)

Key contacts

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