



SAFARI
INVESTMENTS RSA LTD

2018

INTEGRATED ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH



Our vision

To be a leading mid-cap REIT driving sustained growth and returns above market average through selective property investments, thereby creating value for all our stakeholders.



Our mission

Building a property portfolio which offers:

- ▶ **To our investors:** Investments that deliver long-term income and capital growth
- ▶ **To our communities:** Social and environmental sustainability
- ▶ **To our tenants and their clients:** Highly sought-after assets
- ▶ **To our employees:** A secure and sustainable future



Our values

- ▶ **Quality:** Unlocking and delivering high-quality assets
- ▶ **Innovation:** Finding opportunities in the market through creative thinking
- ▶ **Improvement:** Making a difference for the better of our stakeholders
- ▶ **Integrity:** Acting honestly and ethically in all we do



Our strategic goals

- ▶ To **grow, diversify and mature** a specialised portfolio of premium commercial property investments both locally and abroad
- ▶ To **achieve sustainable income and capital growth** through the application of quality management within our property portfolio
- ▶ To continually **improve the quality of the Safari brand** through a renewed focused approach to investor relations and brand marketing



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7

INCOME
PRODUCING
PROPERTIES



2%

VACANCY
RATE



3%

DIVIDEND
GROWTH



7%

ANNUAL RENTAL
ESCALATION ACHIEVED



88%

NATIONAL
TENANTS (GLA)



R142/m²

MONTHLY WEIGHTED
AVERAGE GROSS
RENTAL/m²



186 017m²

TOTAL BUILT m²
OF PROPERTY
PORTFOLIO



8,2%

AVERAGE
WEIGHTED
FORWARD YIELD



R32 600/m²

AVERAGE TRADING
DENSITY FOR
THE PORTFOLIO



R2,8 bn

VALUATION
OF PROPERTY
PORTFOLIO

ABOUT THIS REPORT

About this report

This integrated annual report presents the financial, operational, social and environmental performance of Safari Investments RSA Limited and its subsidiary (hereinafter referred to as “Safari” or “the group” or “the company”) to stakeholders for the period from 1 April 2017 to 31 March 2018. 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 2017 (“King IV”);
- ▶ 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 69 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, Financial Pronouncements as issued by the Financial Reporting Council and the Companies Act. Detailed statements on how Safari has applied the principles contained in King IV can be viewed on our website: www.safari-investments.com.

Report published: 27 June 2018

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 and risk committee, has approved this report.

The board of directors acknowledges its responsibility to ensure the integrity of this annual report for the 2018 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 publication of the integrated annual report on 20 June 2018.



Dr JP Snyman
Chairman



FJJ Marais
Chief executive officer



DC Engelbrecht
Executive director
and group company secretary

WHO WE ARE

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 commercial investments.



Our unique portfolio of assets offers investors exposure to long-term quality rental income with sustainable growth. The company has a well-established business model and a proven track record. Our sought-after premium retail portfolio was established over many years. This was achieved by astutely managing risks and challenges in the economic climate and strictly adhering to our stable long-term view on investment.



The company is dedicated to extending its legacy of delivering sustainable income and capital growth by way of our three-pronged approach:

- ▶ The focus area of acquisition and investment is on high-income generating property assets in strategic locations. This includes selectively investing in vacant land with development potential, as well as continuously growing and unlocking value from existing assets in high-growth areas. While local locations are favoured, the board expanded its strategy to possibly diversify into Central and Eastern Europe due to sluggish economic growth and limited investment opportunities in South Africa.
- ▶ A healthy loan to value ratio is core to Safari’s business model. Maintaining a low gearing level is prioritised to ensure that the company remains attractive to prospective investors and funding institutions.

- ▶ The company maintains a continual emphasis on good corporate governance and strict adherence to applicable legislation and regulations.

The board realises the importance of strengthening current assets. This is achieved by pursuing quality tenants, as well as redeveloping certain properties and rolling out value-added services to optimise the portfolio. Safari continuously works to mitigate the risk of market infiltration by competitors. This is achieved by establishing our assets as preferred retail destinations that dominate its catchment areas and minimising nearby competition.

In tandem with the strategy of strengthening Safari’s asset base, the board strives to entrench the company’s values directly into our business activities. Operations must be conducted ethically within the agreed risk appetite, thereby upholding the highest standards of corporate citizenship at all times.

OUR FOUNDATION AND GEOGRAPHICAL FOOTPRINT



The aim is to create value for all our stakeholders through selective income-generating assets and by optimising these assets to full potential. The approach on foundation level is threefold:

Development

Invest in vacant land or property with development potential

Optimisation

Grow and unlock value from existing assets

Acquisition

Acquire new investment property



Safari is a Real Estate Investment Trust ("REIT") listed on the Johannesburg Stock Exchange ("JSE"). Its portfolio of premium property assets attracts investors who seek exposure in the property market.

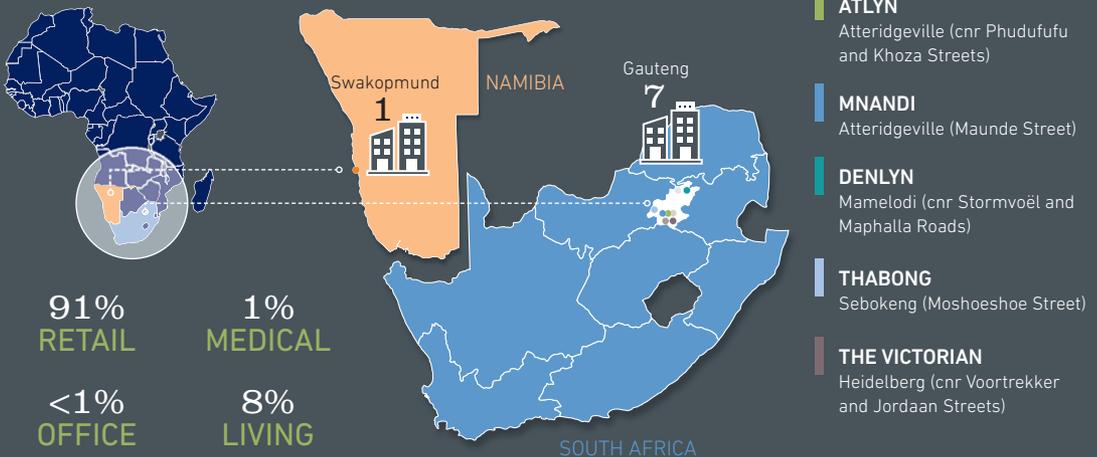
The portfolio comprises 19 properties which include retail centres, a private day hospital, residential properties and vacant land for future development – in total valued at R2,9 billion. Our primary sector focus is retail. Seven of these properties are income generating.

Strategic positioning of these assets is key. Properties should be optimally placed in catchment areas to take advantage of market growth patterns.

From a prime geographical position a centre can be developed into a strong regional node. This attracts top-quality tenants and reduces the risk of potential competitors entering the market.

This geographical strategy is evident in that Safari's properties are located in favourable locations within urban living areas, generally close to major transport routes.

To achieve this the group often liaises with local business councils to discuss the acquisition and development of suitable vacant land. Through phased expansions Safari's centres typically mature from original neighbourhood or convenience centres



into destination regional nodes. 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 our long-term outlook, Safari also owns a number of greenfield opportunities for future investment envisaged to complement Safari's existing portfolio.

A balanced and carefully selected tenant mix is a key aspect of a successful retail property. Emphasis is therefore placed on creating the correct mix of national retailers, specialty stores and general or local dealers from the community.

Safari has over the years developed strong relations with retailers. We work closely with each retail tenant to meet its space requirements as the business evolves and expands.

The company structure, including its core service providers, lays a sound foundation for the execution of our strategy. With our capable and talented teams stronger than ever, we are well placed to continue with our hands-on approach in managing our assets and opportunities. This enables Safari to drive sustained growth and ultimately boost shareholder value.

PLATZ AM MEER

Swakopmund, Namibia (cnr Albatros and Tavorite Streets)

SOWETO DAY HOSPITAL

Soweto (R558, Protea Glen)

NKOMO VILLAGE

Atteridgeville (49 Tlou Street)



1

PROJECT UNDER CONSTRUCTION



6

VACANT STANDS



41

RESIDENTIAL UNITS



7

INCOME GENERATING ASSETS

2018 / NOVEMBER

Opening Safari's seventh shopping centre in Atteridgeville, known as Nkomo Village

2017 / MARCH

Safari reaches a portfolio value of R2,63 billion

2016 / SEPTEMBER

First investment outside South African borders commenced trade, Platz am Meer Waterfront in Swakopmund, Namibia

2015 / AUGUST

Diversification of property portfolio with the acquisition of the portfolio's first private day hospital in Soweto

2014 / JANUARY

Safari acquired The Victorian Centre in Heidelberg

APRIL

Safari Investments RSA Limited listed on the JSE as a Real Estate Investment Trust

2009 / SEPTEMBER

Three separate private Safari companies amalgamated into a public company with approximately 170 shareholders

2007 / NOVEMBER

Safari opened its third shopping centre in underdeveloped urban areas, Thabong Centre in Sebokeng

2006 / DECEMBER

Opened Atlyn Centre phase 1 with 22 000m², this node in Atteridgeville today exceeds 50 000m²

2001 / JUNE

Commenced development of 15 000m² shopping centre in Mamelodi which expanded to be a 43 450m² regional centre today

1991 / APRIL

Four founding members started with their first development that eventually became Safari Investments

PERFORMANCE AGAINST THE CAPITALS

 <h3>Intellectual resources</h3> <p>Inputs</p> <p>Knowledge-based intangibles derived from ArchiFM software by Graphisoft.</p> <ul style="list-style-type: none"> Single integrated electronic property and financial software management system customised for Safari Investments simplifying the flow of information for management reporting, research, analysis, invoicing and decision-making Supports building professionals throughout the entire building lifecycle – design process, construction stage, operations and maintenance management Connectivity via fibre network by VOX Telecoms in all our centres Invest in market research through specialist studies including spatial planning and property market analysis 	<p>Outcome</p> <p>More effective and innovative operation of Safari business functions that improve the performance and ultimately the quality of our properties</p>
 <h3>Manufactured resources</h3> <p>Inputs</p> <p>Seven income-producing investment properties – six in South Africa and one in Namibia</p> <ul style="list-style-type: none"> Primary sector focus is retail with a strategic view to diversify our portfolio with value-added offering which includes day hospitals, offices, filling stations and the like Vacant land owned for greenfield developments Nkomo Village Shopping Centre currently under construction and set to open November 2018 	<p>Outcome</p> <p>We are enabled to realise property development, re-development and acquisition opportunities that extract maximum value</p>
 <h3>Human resources</h3> <p>Inputs</p> <ul style="list-style-type: none"> Board of ten members comprising a healthy spread of professionals from disciplines such as architecture, engineering, construction, medical, legal and financial with over 200 years of cumulative experience in the property industry Board delegates its functions to five board subcommittees which are led by competent, capable and experienced chairmen. The group company secretary was directly employed from 1 April 2016 Safari awarded “Best Retail Property Investments Management Team in South Africa” by CFI.co in 2016 Continuous investment in training and employee development ensuring effective and optimal management 	<p>Outcome</p> <p>Attracting, developing and retaining engaged employees and leadership to deliver a competent and empowered organisation with competitive strength in the market</p>



Natural resources

Outcome

Inputs

- ▶ Environmental impact considered with new acquisitions, expansions and refurbishment of existing centres through specialist environmental consultants
- ▶ Green building initiatives introduced to portfolio
- ▶ Solar panels installed
- ▶ Natural light and natural ventilation maximised
- ▶ Recycling of waste material and professional waste sorting
- ▶ Platz am Meer awarded by SACSC for excellent design resolution and achieving innovative construction solutions

Responsible delivery of our properties, products and activities for a reduced impact on the environment and on natural resources



Social and relationship resources

Outcome

Inputs

- ▶ Strong geographic concentration in emerging sector
- ▶ Relationship and engagement with our communities essential
- ▶ Safari in ideal position to enhance the consumer's experience through development of holistic business nodes
- ▶ Combined service offerings serve communities better and create value for all stakeholders
- ▶ Multi-amenity hubs save transportation costs
- ▶ Health, safety and security measures in place on all sites
- ▶ Involvement in and support of certain social or philanthropic projects within our communities

Community cohesion and support, fostering relationships, loyalty and trust



Financial resources

Outcome

Inputs

- ▶ Dividend and capital growth to shareholders
- ▶ Disciplined cost management
- ▶ Tax contributions to authorities
- ▶ Credit rating strength and access to funding
- ▶ Properties have economic impact and create business stimulus in communities

Financial sustainability of the organisation and increased investor interest

Dividend growth	3%	NAVPS	824 cents
Expenses as a percentage of income	29%	EPS	57 cents

2018 PERFORMANCE OVERVIEW

Geographical spread



Sectoral spread



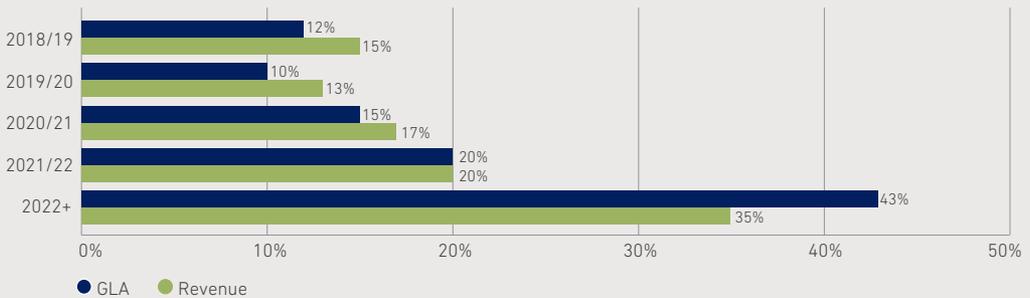
Total tenant mix



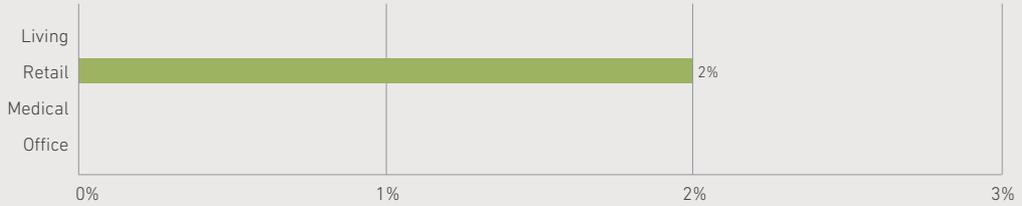
Contracted vs uncontracted



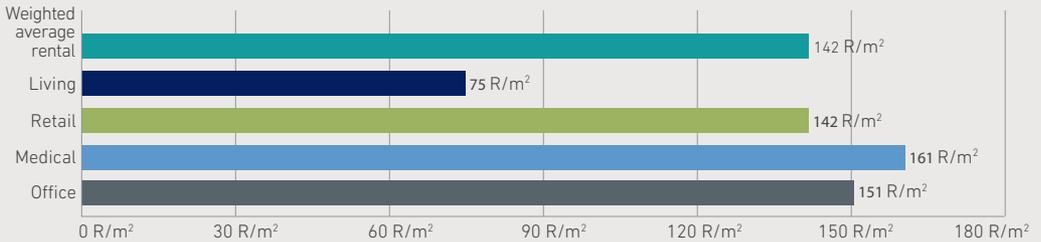
Lease expiry profile of the portfolio



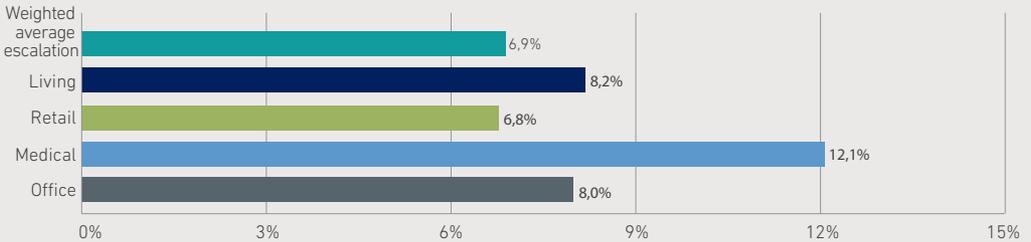
Vacancy profile by sector by rentable area



Average rental for the portfolio by rental area



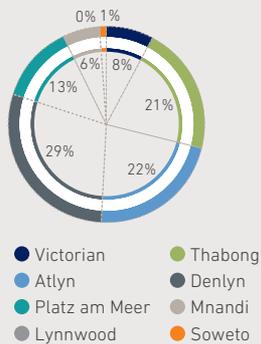
Average escalation for the portfolio by rental area



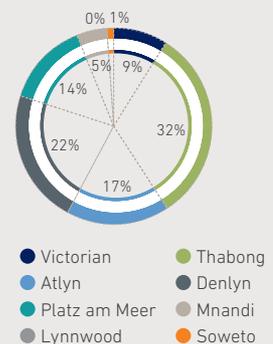
Portfolio (value)



Property income



Property expenses



BUSINESS MODEL AND CORPORATE STRATEGY



During the 2018 financial year, Safari continued to consistently reach milestones towards our strategy, underpinning our strong performance in recent years. We accomplished this through effective cash flow management while negotiating competitive rental escalations and maintaining an overall low operational cost factor.



Efficient use of technology, together with professional management of Safari's properties, enabled the company to grow its property portfolio to over R2,8 billion this past year.

As part of Safari's strategy to increase profitability, achieve sustainable returns and create value, the board reflects on current opportunities and strengths while simultaneously exploring ways to mitigate risks and threats. For example, uninterrupted trading hours at our properties are secured with backup generators capable of generating 11MVA during power failures. The past investments in solar-power generating systems at most of our assets generated a total of 2,5 million kWh, preventing 1 750 tons of harmful greenhouse gases and providing income in excess of R3,8 million during 2018.

The 2018 results reaffirmed the company's strategy to continue improving the quality of our portfolio through selective redevelopment, improvement of the tenant mix and extensions of existing properties.

Safari will continue to finance new projects through a combination of debt and new equity. The new equity portion is introduced by general and specific issues of new shares from time to time, as well as giving existing shareholders the option to reinvest dividend proceeds (scrip dividend) for additional shares as and when approved by the board. Dividends are paid to shareholders bi-annually.

During 2018, Safari issued a further 119 927 970 shares by way of various scrip dividends and private placements, and the existing debt facility remained at R900 million at an interest rate of prime less 1,05%.

The aforementioned private placements were a result of a successful capital-raising process whereby 20 million new shares were issued to SA Corporate Real Estate, 66 million new shares issued to Southern Palace Capital, with the remainder issued to various existing institutional shareholders as approved by way of a special resolution by shareholders at a special general meeting.

We look forward to exploring synergies and building on our business relationships with our new institutional shareholders. At the end of this financial period and after the successful capital-raising process the gearing level (debt to equity) lowered to 13%. The strong financial position and gearing level enable Safari to take advantage of new investment opportunities as they arise.

Safari's lean and conservative structure, together with a small but talented and effective team and 10 board members, enables us to distribute more profits to shareholders. In addition, the lean structure enables Safari to react quickly to changing market conditions, and the liquidity of its financing provides Safari with the ability to transact quickly when necessary.

Our corporate strategy

During the 2018 annual strategy session, the board and management team of Safari reviewed and aligned its new short-term strategy.



Growing the property portfolio

While continuing to rely on our development pipeline the board of Safari, through its investment committee, will carefully source and assess new acquisitions to reach our growth targets of becoming a mid-cap REIT. In line with this strategic goal the board reaffirmed its intention to remain focused on commercial property investment in underdeveloped markets but, in addition, to explore investment opportunities in Central and Eastern Europe in order to diversify and spread investment risk.

With existing projects such as the third retail centre in Atteridgeville, Pretoria, opening in November 2018 and the potential future development of an upmarket corporate office park in Lynnwood, Pretoria, the company is confident that it will maintain a positive and healthy growth rate in the foreseeable future.



Optimising our income stream

A key part of Safari's business model is utilising its property portfolio to secure and fund its growth, and therefore Safari will always strive to actively pursue ways to maintain or enhance the quality of its existing assets. In addition, Safari has a primary focus to excel and optimise its operational management and continue to enhance the quality of the portfolio through redevelopment and upgrades to existing assets as well as by rolling out value-added services (day hospitals, offices, filling stations, etc.). Management of the company's cash flow is critical in order to maintain a sustainable and acceptable distribution growth.



Strengthening the Safari brand

The board has acknowledged the importance of enhancing Safari's brand through a renewed and focused approach to stakeholder relations. This will incorporate a stronger focus on investor relations, building on our existing corporate and social investment foundation and refining marketing campaigns for the Safari brand to reach a wide-ranging network of business, professional and potential future investors.

INVESTING IN COMMUNITIES: A REVOLUTIONARY START



Safari was one of the first organisations to invest in a major shopping centre located in an underdeveloped urban living area. We had a revolutionary vision and we were ready for our first investment in Mamelodi, Pretoria. At the time, considering the needs of the community was key, and this has remained a focus point for Safari in all our subsequent investments.



Strong relations with our communities are still ingrained in how Safari operates – we are deeply committed to understanding and having personal knowledge of the communities surrounding our assets.

Today Safari has a strong geographic concentration in the emerging sector, in areas that were previously undeveloped and disadvantaged. Safari played a groundbreaking role in promoting quality assets that uplifted and benefited these communities, and continues to do so, by establishing desirable high-end shopping and services. Each business node that we created significantly reduces commuting time and cost associated with travelling to regional centres. This approach also alleviates the problem of unemployment and limited tradability of properties, resulting in significantly improved property values and opportunities for the communities in which assets are located. These locations have also been proved to offer attractive long-term rental and capital growth.

While boldly developing regional retail nodes in these areas, our awareness of the broad range of opportunities to contribute to a community grew. The initial development stage brings investment in local skills development via the developer. At commencement of trade many job and business opportunities come into being together with the community's sense of pride in their new and modern business node. During the operational phase, people continue to enjoy access to first-class shopping and services close to their homes. Finishes and aesthetics of Safari buildings are of the highest quality, and

national retailers trade extremely successfully in our centres. Trading densities continue to achieve or even surpass the national average figures every year. A growing consumer middle class, assisted by rapid urbanisation and shifting demographic trends, is actively driving property demand and growth opportunities in these areas.

With the addition to our portfolio of a day hospital in Soweto, completed in partnership with Advanced Health Limited ("Advanced Health"), we realised the opportunity to deliver even more holistic assets that combine various service offerings to serve our communities better and ultimately create value for all our stakeholders.

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 comprises the correction of overall ineffective spatial patterns so that the city and its people can function optimally and that communities are served more efficiently. With this aspect in mind, Safari strives towards 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 “redeveloping” them into more holistic hubs, extending beyond retail products. We are in a position to provide other essential services to the community that also make business sense. Key to this aspect is the utilisation of available or state-owned land in the vicinity of our centres. Safari is aware that these pockets of land have the potential to be upgraded into much-needed facilities.

We continue to identify the demand for schools, crèches, clinics, small-scale governmental service offices, computer services and libraries in the immediate vicinity of our developed sites. We recognise a significant opportunity to partner with local municipalities to maximise returns, both economic and social.

South Africa is in the midst of a rapid population growth and urbanisation phase, with a growing middle class stimulating demand for retail space. With approximately almost 2 000 shopping centres, spanning more than 23 million square metres of retail space, global peer comparisons suggest that South Africa has more retail space than demand dictates; but data proves that those shopping centres offering a broader mix (including national and international retailers, entertainment and catering/leisure) are attracting a growing number of shoppers. Township and rural centres have increased to almost 300, while the number of centres larger than 30 000 square metres increased from 36 in 1994 to 160 in 2014.

Economic impact

Despite a challenging macro-economic backdrop, political uncertainty, currency volatility and high interest rates, Safari maintained an 8% average lease escalation for South African retail properties for the financial year ended 31 March 2018 compared to a 6% market rental growth.

Although South Africa exited a recession in 2017 the economic growth is still very low and expected to remain low for the next year. From 1,3% growth in 2017, the South African Reserve Bank projects GDP growth in 2018 to be 1,5%. Consumers are under pressure due to high interest rates and inflation, as well as high levels of unemployment

and indebtedness, translating into slow retail sales growth.

In the current challenging economic climate, Safari is committed to strengthening its assets to their full potential and ensuring that nodes maintain their local dominance. This will restrain competitive schemes while at the same time bringing much-needed products and services directly to the people.

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 in the consumer markets located close to our centres. The survey findings are used as a guide in planning and managing operations with the aim of ensuring that the actual and diverse shopping and entertainment needs of the community are factored into upgrades and expansions in and around the facility. 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.

Beyond our borders

At Safari, our aim is to source only the most favourable investment opportunities. REITs in general are under pressure to produce short-term dividend growth although property is a long-term asset class. In order to better balance these short-term needs with long-term sustainability, many SA REITs have increased their exposure to international assets, with almost half of the domestic REIT sector’s total assets now based offshore due to limited domestic opportunities and relatively low European funding rates.

Safari sees substantial opportunities for investment in South Africa but is also looking beyond our borders to consider prime opportunities that may emerge in Central and Eastern Europe. The company’s first cross-border investment in Namibia – a new lifestyle waterfront development on the shoreline of Swakopmund – opened in September 2016.

CREATING VALUE FOR STAKEHOLDERS

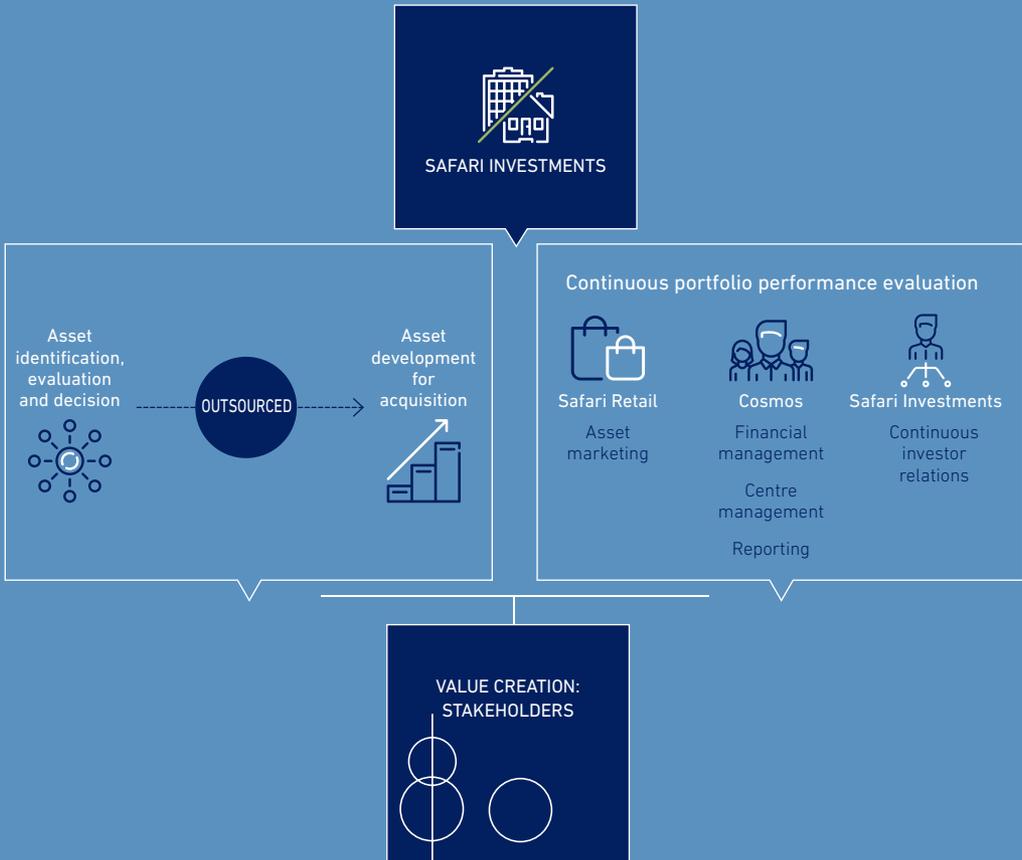
As an income-focused REIT, Safari creates value for investors and other stakeholders by investing in quality assets, benefiting from active asset management based on ethical leadership and sound corporate governance principles. This results in sustainable investments generating long-term capital and income growth. Safari's pursuit of sustainable value creation incorporates economic prosperity, social responsibility and environmental protection.

Risks

- ▶ Slowing consumer spend affects trading densities and rent ratios
- ▶ Competitors infiltrating market affects trading densities and rental escalations
- ▶ Rising cost of occupancy for tenants due to increasing municipal services tariffs

Opportunities

- ▶ Pursue appropriate yield-enhancing, quality acquisitions in emerging markets
- ▶ Use tenant lease expiries to improve the tenant mix in our shopping centres
- ▶ Unlock value-added services crucial to emerging markets



OUR FOUR SERVICE PROVIDERS



Property development and procurement agreement

Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited ("Safari Developments") are private companies which conduct 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.

MANAGING DIRECTOR: JANNIE VERWAYEN

Telephone: +27 (0) 12 365 1881 / Email: jannie@matlaqs.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: ERIKA BUYS

Telephone: +27 (0) 12 346 1889 / Email: info@safari-investments.co.za



Property portfolio management agreement

Cosmos Management CC ("Cosmos") is responsible for the facilities management of all the centres in Safari'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, pest control and security at the centres and ensuring tenant satisfaction.

MANAGER: FRANCOIS JOUBERT

Telephone: +27 (0) 12 365 1865 / Email: francoisj@cosmos-management.com



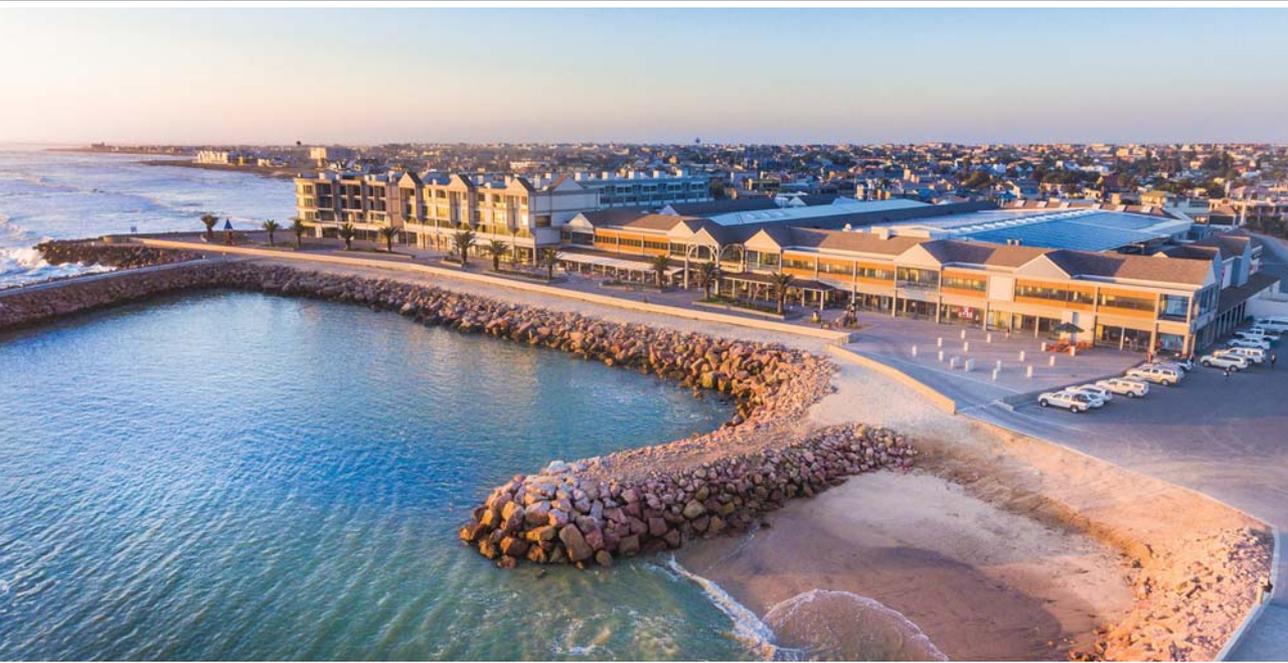
Electricity, meter reading and electricity accounting services agreement

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.

DIRECTOR: PEET OLIVIER

Telephone: +27 (0) 12 349 2247 / Email: polivier@plantech.co.za

Platz am Meer



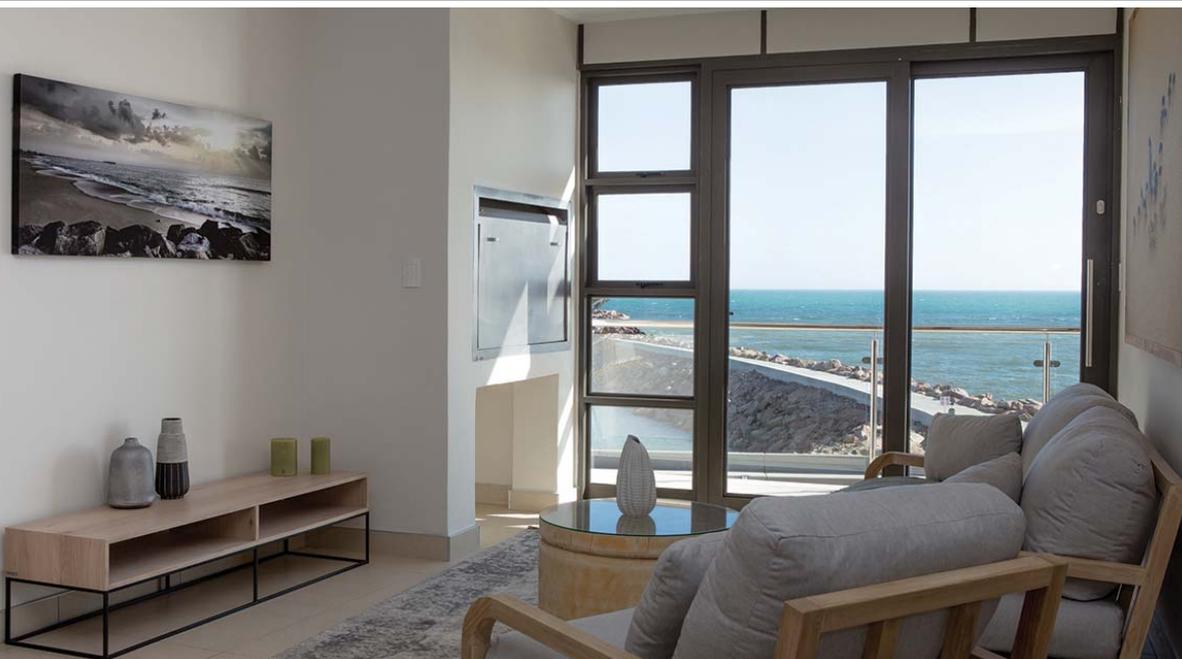
A new landmark arising on the coastline of Namibia

Platz am Meer development consists of luxury residential units, linked to a retail phase with leading retailers and restaurants. Beachfront views, green walkways and child-friendly playareas make this development unique. Its innovative design, beautiful interior and integrated sea views attract feet from across Namibia.

Trading since	2016
Number of shops	70
Luxury apartments	36
Total built area	29 500m ²
Investment value	R331 142 000
Trading density	R23 400/m ² per annum
National tenants	80%
Major tenant	Checkers
Occupancy levels	95%



Swakopmund, Namibia (cnr Albatros and Tsaveite Streets)



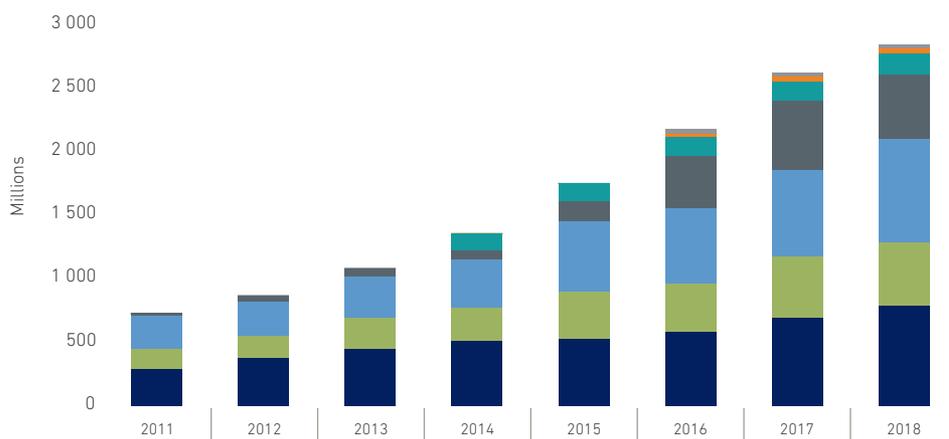
ANNUAL PERFORMANCE REVIEW



FIVE-YEAR FINANCIAL REVIEW

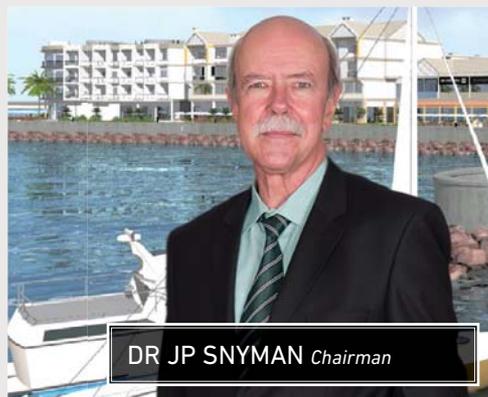
	2018 R	2017 R	2016 R	2015 R	2014 R
Property revenue	240 998 870	203 426 979	169 055 147	140 398 218	112 412 548
Property revenue year-on-year (%)	18	20	20	25	
Operating expenses	70 890 780	61 471 158	48 587 394	38 156 921	45 953 375
Operating expenses year-on-year (%)	15	27	27	(17)	
Operating expenses as % of property revenue	29	30	29	27	41
Investment property	2 638 537 718	2 421 549 684	2 054 690 350	1 737 745 309	1 379 152 614
Investment property year-on-year (%)	9	18	18	26	
Total asset value	2 939 779 000	2 650 701 000	2 219 368 430	1 797 796 489	1 533 161 396
Total asset value year-on-year (%)	11	19	23	17	
Inventory	169 648 600	175 003 438	96 905 412	36 632 037	19 017 144
Inventory year-on-year (%)	(3)	81	165	93	
Vacancy (%)	2	2	4	1	1
Total built area (m ²)	186 017	186 017	153 300	139 950	124 925
Total built area year-on-year (%)	–	21	10	12	

Property portfolio – R2,851 million



● Lynnwood						40 795 247	39 200 000	39 400 000
● Soweto						28 400 000	33 900 000	35 506 190
● Victorian				135 000 000	142 500 000	143 500 000	154 600 000	166 200 000
● Platz am Meer	16 166 139	43 000 000	67 734 614	74 472 613	156 900 000	412 571 973	547 816 479	500 790 100
● Atlyn	260 000 000	274 900 000	321 700 000	373 100 000	557 000 000	596 421 982	674 148 436	822 979 821
● Thabong	164 100 000	176 000 000	243 900 000	265 700 000	368 000 000	382 100 000	488 900 000	497 600 000
● Denlyn	289 823 223	375 500 000	450 900 000	511 700 000	530 400 000	581 700 000	693 800 000	788 800 000

FROM THE CHAIRMAN'S DESK



DR JP SNYMAN *Chairman*



Ready to step up our engagement in the market, we are carefully preparing and positioning the company for greater growth ahead.



Dear shareholders and friends of Safari

It has been a privilege working with the Safari team and all our stakeholder groups over the past year to meet our milestones. Without your loyalty, support and hard work we would not have achieved the successes of the year.

As a board we have continued to work hard in growing the company despite challenging economic and political environments. We have decided to increase the membership of the Safari board from seven to ten directors comprising six independent non-executives and four executive directors. We have furthermore combined some of our committees, such as audit and risk, as well as remuneration and nomination; all this with the view to work more effectively and with greater care, skill and diligence towards reaching the goals set out in our corporate strategy.

The past months have seen Safari being shaped by a vision to become a leading mid-cap REIT on

the JSE in the next few years. Ready to step up our engagement in the market, we are carefully preparing and positioning the company for greater growth ahead. We look forward to the expansion of our portfolio and enhancement of our geographical reach to bring you only the best investments. Coupled with this renewed focus on growth we will continue to strive for sustainable returns to our shareholders and to always have a positive impact on our communities.

I thank you all for your continued confidence in the Safari legacy as we undertake this journey to grow from strength to strength. Our commitment to create outstanding investments will always remain.

Dr JP Snyman
Chairman

20 June 2018

Q&A WITH CHIEF EXECUTIVE OFFICER



FJJ MARAIS *Chief executive officer*



I am proud of our renewed focus on growth and that leadership is preparing for expansion of our reach.



Q&A

Tell us about Safari's achievements for the year

Delivering 3% dividend growth and sustaining shareholder returns over the year was for us a solid achievement. This came in a local market where property fundamentals were mostly negative and amidst political instability in South Africa with fluctuating periods of recession and recovery. We are particularly pleased that trading densities of the retailers across our portfolio revealed good performance for the year. All centres reflect a year-on-year growth in trading density. Property revenue increased by 18% compared to 2017, while operating expenses as a percentage of revenue decreased from 31,6% to 28,5%. The portfolio vacancy rate was only 2%, national tenants 88% of the portfolio, and an average annual escalation rate of 7% prevailed. Finally, I am proud of our renewed focus on growth and that leadership is preparing for expansion of our reach.

Q&A

You successfully raised capital through a private placement, tell us about the process and its motivation

With the headwinds of political uncertainty in the local market in 2017 it was a challenging process. But it was successfully completed in September and we are thrilled with new investors SA Corporate Real Estate and Southern Palace Capital. It has put us in a position to fund our immediate growth opportunities from the balance sheet so we do not foresee another share issue in the near future. This is beneficial to our shareholders and the share price. We are inclined to the benefits of a distribution reinvestment programme and this will remain our first consideration for portions of future funding.

Q&A

Considering the favourable gearing level of your balance sheet, what can we expect from Safari in the next term?

We have promising local retail acquisitions being considered for the near term and although selective we are opportunistic in our approach. We know how to extract value from retail assets in the local emerging market and are eager to apply our expertise here. We also have the new Nkomo Village retail development in Atteridgeville under way, which will open in November 2018. There is also significant bulk reserve held on the balance sheet for future development and we foresee value to come from here in the next financial periods.

Q&A

What does Safari bring to its communities?

Safari has always had an appreciation for and focus on emerging areas. In the property industry one has tremendous opportunity to engage with communities and to contribute to their welfare. Our centres not only create jobs but they provide a one-stop destination and business node for people not having to travel long distances from home for quality products and services. Leadership has a new fresh focus on corporate social responsibility and is considering a significant project in the form of an educational trust. We look forward to the launching of this initiative.

Q&A

How are you positioning Safari to reach its growth targets?

Safari is known for its commercial presence in underdeveloped areas of South Africa and our local development pipeline remains a key source of growth for us. But we reviewed our strategy this year

and agreed that expansion of our reach and portfolio is important.

The acquisition of assets is therefore becoming necessary for us too. Although Safari remains positive about South Africa, sluggish economic growth over the last few years has led to limited opportunities for the moment in the local market compared to the value and returns that some offshore assets can offer. With our value proposition not tied to geographic boundaries, the time is ideal for exploring offshore investment opportunities. We are busy exploring the Eastern European region, looking for an emerging market that is not yet saturated, within a stable political and economic climate. Significant infrastructure is being poured into some places and we cannot deny seeing opportunities for growth superior to local options. But the fact is that we will always stay focused on the things that have brought us success over the past decades – high-quality assets in prime locations. If expansion of our portfolio is based on solid assets that are cleverly diversified, I am confident that we will be in a position to reap healthy growth.

Q&A

What is your dream for Safari for the future?

I hope that what was created within Safari will remain a solid investment over future years, creating value not only for our shareholders but for all our stakeholders. Integral to this is that the communities where we are placed will ultimately be better off and proud to call the Safari assets "theirs".



FJJ Marais
Chief executive officer

20 June 2018

PROPERTY PORTFOLIO

Safari has acquired a portfolio of dominant retail centres, focused on high-growth areas. Moreover, rental income is largely underpinned by long-term leases from national retailers.



Atlyn

Atteridgeville (cnr Phudufufu and Khoza Streets)

Trading since	2006
Number of shops	95
Total built area	41 200m ²
Investment value	R527 200 000
Trading density	R31 600/m ² per annum
National tenants	91%
Major tenant	Shoprite
Occupancy levels	98%



Denlyn

Mamelodi (cnr Stormvoël and Maphalla Roads)

Trading since	2003
Number of shops	109
Total built area	43 450m ²
Investment value	R788 800 000
Trading density	R45 600/m ² per annum
National tenants	90%
Major tenant	Shoprite
Occupancy levels	99%



Mnandi

Atteridgeville (Maunde Street)

Trading since	2015
Number of shops	31
Total built area	10 550m ²
Investment value	R107 300 000
Trading density	R26 700/m ² per annum
National tenants	74%
Major tenant	Pick n Pay
Occupancy levels	100%



Thabong

Sebokeng (Moshoeshe Street)

Trading since	2007
Number of shops	104
Total built area	43 100m ²
Investment value	R497 600 000
Trading density	R27 100/m ² per annum
National tenants	88%
Major tenants	Superspar and Pick n Pay
Occupancy levels	99%



The superior performance of these centres is evidenced by a low vacancy factor and higher than average trading densities across the portfolio, as well as the strong rental escalation achieved.



The Victorian

Heidelberg (Cnr Voortrekker and Jordaan Streets)

Trading since	1997
Number of shops	40
Total built area	15 400m ²
Investment value	R166 200 000
Trading density	R47 300/m ² per annum
National tenants	97%
Major tenant	Pick n Pay
Occupancy levels	98%



Platz am Meer

Swakopmund, Namibia (Cnr Albatros and Tsavorite Streets)

Trading since	2016
Number of shops	70
Total built area	29 500m ²
Investment value	R500 790 100
Trading density	R23 400/m ² per annum
National tenants	80%
Major tenant	Checkers
Occupancy levels	95%



Soweto Day Hospital

Soweto (R558, Protea Glen)

Trading since	2016
Number of beds	20
Total built area	2 817m ²
Investment value	R35 506 190
Major tenant	Advanced Health
Lease term	10 years
Rental escalation	8%



Nkomo Village

Atteridgeville (49 Tlou Street)

Trading since	Under construction
Number of shops	70
Total built area	22 921m ²
Investment value	R345 239 856
Major tenants	Pick n Pay and Boxer



RISK MANAGEMENT



The successful management of risk is essential for the company to deliver on its strategic priorities. Governance of risk is the board's ultimate responsibility. This includes determining the risk appetite and tolerance levels and the approval of the risk strategy, policy and framework.



Our organisational structure, with close involvement of senior management and core service providers, is designed to align Safari's interests with those of our stakeholders in all significant decisions, underpinned by our prudent and analytical approach.

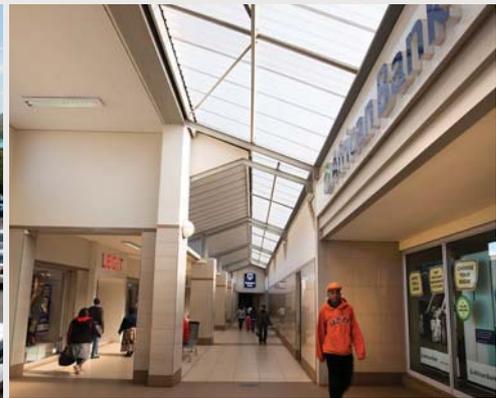
The objective of risk management is to identify, assess, manage and monitor the risks to which Safari is exposed. The board, together with senior management, has set risk strategy policies. A comprehensive risk register is in place, which is supported by policies reviewed by the board.

Safari's overarching risk appetite is defined in the context of focusing on what we know – quality retail property investments. Safari has a disciplined approach to managing our operational risk, in particular our development exposure. We take cognisance of market conditions while always maintaining low financial risk with conservative financial leverage.

The board has delegated to the audit and risk committee the responsibility to design, implement and monitor a risk management programme and to identify, assess and manage risks appropriately (see the audit and risk committee report on page 76). In order to measure, review and assess the company's risk profile, the audit and risk committee sets out parameters, which consider, among others, operational functions, financial gearing, interest cover, level of speculative and total development exposure, and external or internal macro- and micro-economical climates. These parameters are assessed quarterly by the committee and any risks identified are reported at quarterly board meetings.

Our approach to risk management involves:

- ▶ aligning risk appetite and the company's strategy to improve active monitoring of risks;
- ▶ enhancing risk response decisions through proactive management of identified risks;



- ▶ reducing operational losses by gaining enhanced capabilities to identify potential events and establish responses;
- ▶ identifying and managing multiple cross-enterprise risks; and
- ▶ seizing opportunities by identifying a full range of potential events.

Risk assessment

During the year ended 31 March 2018, the executive committee, the audit and risk committee and the board carried out continual assessments of the risks facing the group, including those that present potential threats to our business model, future performance and solvency and liquidity requirements. In addition, the controls in place to mitigate risks and the effectiveness of key controls were also evaluated. Safari is now a member of The Global Platform and utilises its REIT Risk Instrument to manage the risk process on a continual basis.

Our risk philosophy recognises the importance of risk management and the appropriate balance as an integral part of generating sustainable value and enhancing stakeholder interests.

A strong vision, mission and strategy and a high level of awareness at the operational level supports the risk management policies. Risk management cannot eliminate risk completely, but rather provides

a process and structure to continuously identify, assess, evaluate and manage risk. Risk management forms part of Safari's policy framework and is embedded in our overall governance.

The identification of key risks entails a systematic, documented assessment of the processes and outcomes surrounding these risks and addresses our exposure to physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery, credit and market risks, and compliance risks.

The board has established Safari's risk appetite and risk tolerance levels and is committed to reporting on instances where risks fall outside these limits.

The table commencing on page 24 sets out these limits and tolerance levels as determined by the board. The board is satisfied with the effectiveness of the risk management policies and procedures that are in place.

No material deviations from the risk tolerance limits have occurred during the reporting period. Furthermore, the board is not aware of any current, imminent or envisaged risk that may threaten Safari's long-term sustainability.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise			
Risk	Description	Stakeholder affected	Health and safety	Environment	Legal and compliance	
Operational risk	Natural disasters: Storms and heavy rainfall, floods and fire	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Local communities 	√	√		
	Political risk: Riots, looting, etc.	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Local communities ▶ Employees ▶ Suppliers 			√	
	Insurance	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Employees 	√		√	
	Internal controls for bank payments	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Employees ▶ Suppliers 				
	Information system management and data loss/backup	<ul style="list-style-type: none"> ▶ Tenants ▶ Local communities ▶ Employees ▶ Government and regulators ▶ Suppliers 				
	Security at centres to ensure safety	<ul style="list-style-type: none"> ▶ Tenants ▶ Shoppers ▶ Employees ▶ Suppliers 	√			
	Node obsolescence (deterioration of neighbourhood resulting in a decline in property value) and competing centres	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Local communities 		√		
	Disruption of local services (power failures, water cuts etc.)	<ul style="list-style-type: none"> ▶ Tenants ▶ Shoppers ▶ Local communities 				
	Business risk	Brand value	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Employees 			

Consequence should risk materialise		Mitigating controls	
Community and reputation	Operational impact	Financial	
How do we identify or monitor the risk			
	√	√	Monthly inspections of fire-fighting equipment, ensuring tenants adhere to council regulations relating to fire safety such as stacking heights, escape routes not obstructed, etc. Insurance in place and buildings are constructed with fire walls preventing fires from spreading from shop to shop. Emergency evacuation plans are in place and we have designated well-marked emergency assembly points.
		√	We have security on site and in case of riots and other emergency situations the guarding complement is increased. In case of emergencies the design of our centres allows for strict access control through one central gate.
√			Insurance policy and annual renewal process are in place. Service providers have strict site operating procedures in place. Indemnity notices at each entrance. The insurance policy and extent of cover are assessed and renewed on an annual basis. Exco reviews the final terms.
		√	Financial manager loads payment on online banking and only the financial director can release the payments with One Time Pin authorisation. Financial director will only release payments on approved invoices (signed by two members of the board).
	√		Daily backups on a central server and an off-site server. Our IT service provider is constantly upgrading and updating our firewall and antivirus software. Employees' access to data is restricted to the minimum or absolute necessity. Original documents (hard copies) are securely stored in a fireproof safe.
√			24/7 security on site and operating in accordance with site operating procedures.
	√	√	We closely monitor the competitors in the vicinity of our centres. Centre managers also play an integral part in this process.
√	√		All our properties are connected to sufficient backup power (generators) and water tanks. We have a service agreement to service and maintain the generators. Tenants are invoiced additionally for usage per month.
√			Safari is aware of the long-term effect reputational damage can have on long-term growth and sustainability and therefore has a strong focus on stakeholder relationships especially with investors and analysts and through these relationships we will continue to manage our reputation.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise		
Risk	Description	Stakeholder affected	Health and safety	Environment	Legal and compliance
Business risk risk continued	Vacancies in properties, tenant retention and tenant mix	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Local communities ▶ Employees 			
	Tenant risk: Tenants fail to pay rent, bad debt collection	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Employees ▶ Suppliers 			
Financial risk	Interest rates	<ul style="list-style-type: none"> ▶ Investors and financiers 			
	Accounting risks	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Board 			
	Exchange rate	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Board 			
	Cost of capital for developments	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants 			
	Liquidity risk: Bank credit, funding, credit rating	<ul style="list-style-type: none"> ▶ Investors and financiers 			√
	Ability to maintain distribution growth	<ul style="list-style-type: none"> ▶ Investors and financiers 			
	Property valuation risk	<ul style="list-style-type: none"> ▶ Investors and financiers 			
	Cost control and head office expenses	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Employees 			

Consequence should risk materialise			Mitigating controls
Community and reputation	Operational impact	Financial	How do we identify or monitor the risk
√	√	√	Cosmos Management initiates renewal negotiations six months in advance. Safari Retail will advise on market-related rentals and escalations and average rentals per square metre for the centres. Emphasis on retention of tenants. Regular contact with tenants and dedicated leasing brokers (Safari Retail). Leasing strategy with regard to tenant retention, tenant mix and data analysis. Shopper surveys conducted every two years to ensure market demands are met. Safari Retail continuously assesses the tenant mix and approaches specific tenants to complement the existing tenants. Centres are well managed and trading densities are currently above market average for most of the centres.
		√	Lease deposit and suretyship on all lease agreements are mandatory. Debt collection processes are followed internally for late payers, interest is levied on late payments. Letter of demand is sent immediately when rental is overdue and handed over to attorney for recovery.
		√	Loan to assets ratio is restricted to 40% in exceptional short-term period with a conservative view to keep the ratio below 30%.
		√	Internal and external audit processes assist in detecting and rectifying misstatements. Audit and risk committee members are skilled and qualified with sufficient experience to review and address any concerns relating to misstatement of financial figures.
		√	Currently Safari has no exposure across RSA border and therefore this is not a material risk at the moment.
		√	The investment committee considers acquisitions after completion of thorough due diligence, which are thereafter recommended to the board. Annual valuations are carried out.
		√	Multiple and varied sources of debt capital. Reduced and manageable amounts of debt expiring at any one point in time. Availability of unencumbered assets assures a backup for additional debt.
		√	Centres are managed in such a way as to ensure a high-quality income stream. New acquisitions or developments are approved at competitive yields to ensure growth and sustainable income stream.
		√	Devaluation of properties may result in breach of loan to value covenants with external financiers. Safari manages properties carefully and with great care and diligence. Market competitors are kept at bay as far as possible and properties are continually upgraded and maintained to a high standard.
		√	Service agreements with core service providers on fixed fee based on a percentage of turnover. Operating strictly in line with an annual operational budget reviewed and approved at board level. Additional and unforeseen expenses of any kind approved by the board.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise		
Risk	Description	Stakeholder affected	Health and safety	Environment	Legal and compliance
Management risk	Dedicated external management function of assets to enhance value and maintain high-integrity income stream: Outsourced to Cosmos Management and Safari Retail	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Local communities ▶ Employees ▶ Government and regulators 		√	√
Development risk	Building design (safe and easy maintenance)	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Tenants ▶ Shoppers ▶ Local communities 	√	√	
Board risk	Board composition, conflict of interest, succession planning, collective skill set requirement and shareholder relationship	<ul style="list-style-type: none"> ▶ Investors and financiers 			
	Breach of guiding principles and ethics	<ul style="list-style-type: none"> ▶ Investors ▶ Local communities ▶ Employees 			√
	Succession planning	<ul style="list-style-type: none"> ▶ Investors ▶ Employees 			√
Governance and corporate compliance risk	Statutory and regulatory compliance	<ul style="list-style-type: none"> ▶ Investors and financiers ▶ Local communities ▶ Employees ▶ Government and regulators 			√

Consequence should risk materialise		Mitigating controls	
Community and reputation	Operational impact	Financial	How do we identify or monitor the risk
√	√	√	Exco is tasked with the management of all service providers. Service level agreements are in place with Comos Management to provide property portfolio management services and with Safari Retail to provide leasing services. Service levels are measured according to contract terms on a monthly basis. Exco manages expenses with regard to repairs and maintenance of the centres and benchmarks the trading of the centres against similar centres of competitors. 80% of our tenants consist of 19 national retailers and Safari Retail employees meet with the representative of these national retailers at least twice a year to update them on our portfolio and to build a good working relationship.
	√	√	Our centres are designed and constructed strictly according to building regulations and applicable legislation. The cleaning and maintenance is monitored by Cosmos Management in terms of a service level agreement with a dedicated centre manager on each site and an operational manager for the Safari portfolio. Development manager oversees all new development/refurbishment projects under direct control of the CEO. Project managers and leasing consultants report directly to Exco. Monthly internal and site meetings to monitor progress of projects. Development proposals are considered by the investment committee, which recommends acquisitions to the board – construction can only commence once the leasing of the development has reached 75% of GLA. Insurance cover is also taken out where appropriate.
√	√	√	Board complies with King IV, JSE Listings Requirements and Companies Act relating to board composition, independence and committee structure. Succession plan in place for executive board members and key members of senior management. The board and senior management have an annual strategy session in addition to quarterly board meetings. New appointments are executed with care and preceded by a needs analysis. New candidates are purposefully recruited, interviewed and carefully assessed. IoDSA membership and other seminars should be attended to enhance skills. Annual general meeting to address queries from shareholders. Code of ethics, delegation of authority, conflict of interest and various other company policies in place. Objective decision-making in case of potential conflict with full record of motivation.
√	√	√	Board has delegated the responsibility of ethics management to the audit and risk committee and, with the assistance of the social and ethics committee, the board ensures that ethics is properly managed through board policies and procedures such as the company's code of ethics, whistle-blowing, etc.
√	√	√	Safari has ensured that it has a succession plan in place for long-term and emergency succession in key roles. The nomination and remuneration committee was tasked to review, assess and make recommendations should it be deemed necessary on the company's succession plan.
√		√	Full-time financial director and in-house company secretary, as well as Safari's auditors, attorneys and sponsor engaged on ongoing basis. Full compliance with JSE regulatory frameworks through solid system of control in place.

STAKEHOLDER ENGAGEMENT



Engaging with stakeholders (employees, investors, financiers, local communities, tenants and suppliers) is a critical part of any successful business strategy. Safari is committed to understanding their needs and responding appropriately.



Stakeholder	Focus area	Engagement
 EMPLOYEES	<ul style="list-style-type: none"> ▶ Fair remuneration ▶ Safe and enjoyable work environment ▶ Career development and training ▶ Equity participation ▶ Short-term and long-term incentives 	<ul style="list-style-type: none"> ▶ Good clear communication ▶ Formal evaluations by management, peers and subordinates ▶ Open-door policy with all senior management ▶ One-on-one meetings with human resources consultant ▶ Concerns addressed by human resources consultant as they arise ▶ Flexible working hours where possible ▶ Weekly staff meetings ▶ Email and telephonic communication ▶ Induction, training and development
 INVESTORS AND FINANCIERS	<ul style="list-style-type: none"> ▶ Distribution growth ▶ Capital appreciation ▶ Solvency and liquidity ▶ Timely servicing of debt ▶ Credit quality of tenants ▶ Portfolio value ▶ Credit rating ▶ Property vacancy levels ▶ Transparency of financial results and position ▶ Share price performance ▶ Calibre of management ▶ Strategy execution ▶ Portfolio growth ▶ Accessibility of management ▶ Timely information on key developments ▶ Succession ▶ Corporate governance 	<ul style="list-style-type: none"> ▶ Monthly reviews of the shareholder register to identify shareholding changes ▶ CEO and FD regularly engage with financial media and investors ▶ Good relationships maintained with funding institutions ▶ Regular meetings with senior management ▶ Tenant credit ratings ▶ Interim and annual results announcements ▶ Provision of information to financial markets ▶ Regular communication with institutional shareholders and equity analysts ▶ Press announcements ▶ Investors anonymously polled following results to assess areas of concern ▶ Executive directors and group company secretary are available to answer queries from shareholders ▶ Investor presentations ▶ Roadshows ▶ One-on-one meetings ▶ JSE SENS announcements ▶ Media announcements ▶ Website ▶ Surveys ▶ Site visits ▶ Marketing material ▶ Email notifications and newsletters

Stakeholder	Focus area	Engagement
 <p>LOCAL COMMUNITIES</p>	<ul style="list-style-type: none"> ▶ Impact on infrastructure and access ▶ Security and safety ▶ Community development and upliftment ▶ Environmental impact ▶ Responsible corporate citizenship 	<ul style="list-style-type: none"> ▶ Newsletters and advertising ▶ Sponsorship and promotion of community events and organisations ▶ Support of local charity projects ▶ Partnerships with local schools and other corporate social investment projects ▶ Involvement in community organisations and city improvement districts ▶ Denlyn Stars Campaign ▶ Significant contributions to city rates and taxes
 <p>SHOPPERS</p>	<ul style="list-style-type: none"> ▶ Tenant mix improvement to enhance shopping experience ▶ Mall cleanliness ▶ Safe and secure shopping environment ▶ Easy access to centres ▶ Convenience ▶ Value-added services 	<ul style="list-style-type: none"> ▶ Careful consideration of tenant ▶ Marketing, promotions and social events ▶ Shopping centre websites and social media platforms ▶ Dedicated on-site centre managers ▶ Print media, newsletters ▶ Micro management of security and cleaning service providers ▶ Maintenance at centres is an ongoing process and priority to our portfolio manager ▶ Mall branding ▶ Free Wi-Fi ▶ Centres are designed with a focus on security and safety of shoppers
 <p>TENANTS</p>	<ul style="list-style-type: none"> ▶ Rental costs ▶ Location ▶ Tenant mix improvement ▶ Initiatives to enhance the shopping experience and attract shoppers ▶ Changes in consumer spending ▶ Increased competition ▶ Rising operating and municipal costs ▶ Mall cleanliness, security and maintenance ▶ Tenant/landlord communication 	<ul style="list-style-type: none"> ▶ Weekly visits by property portfolio manager ▶ Customer satisfaction and shopper surveys ▶ On-site centre management team available to tenants ▶ Cost-saving initiatives in respect of power and waste, such as the solar panels ▶ Green building principles ▶ Property maintenance and refurbishments ▶ Trained security personnel ▶ Print, web, social media, telephonic communication ▶ Events ▶ One-on-one meetings
 <p>GOVERNMENT AND REGULATORS</p>	<ul style="list-style-type: none"> ▶ Employment equity ▶ Environmental impact ▶ JSE Listings Requirements and legislation 	<ul style="list-style-type: none"> ▶ Regular meetings with relevant regulatory authorities ▶ Timeous completion of all tax returns ▶ Compliance and adherence to relevant regulatory frameworks
 <p>SUPPLIERS</p>	<ul style="list-style-type: none"> ▶ Reasonable payment terms ▶ Equal opportunities ▶ Fair and transparent tender processes 	<ul style="list-style-type: none"> ▶ Weekly meetings with top management of major service providers and suppliers ▶ Service level agreements

SUSTAINABILITY REPORT



We see investors increasingly introducing broader considerations into their valuations and investment decisions. The market is interested in companies that not only generate positive financial returns but also have a positive environmental and social impact.



With an increasing focus on sustainable business practices it is imperative that companies should balance the need to generate returns for shareholders together with their wider obligations to the environment and society as a whole. Integrating these aspects across a business is crucial for the healthy growth of the company and for broad-based stakeholder value creation over the long term.

While Safari is a relatively small REIT in the market, we want to be more aware of these broader impacts, risks and opportunities in relation to our business activities. We want to improve our consideration of all three of the triple bottom line values of sustainability: Environmental, Social and Governance ("ESG").

Governance encompasses the areas of business ethics and transparency, covered in the governance review of this annual report. Safari's position on environmental and social aspects is discussed further in this sustainability report.

Environmental impact

At Safari we are increasingly considering the impact of our assets on their environment. During the design and construction phases of projects we can carefully consider environmentally sensitive and eco-efficient design options. Many environmental challenges in fact present opportunities for value creation, for example, incremental revenue from new technologies and products such as green sustainable products.

Innovative finishes

Safari takes great care in selecting materials and building techniques suitable for the environment. For example, sulphur-rich mist in Swakopmund causes aggressive and corrosive conditions. Innovative installations were crucial here. Self-adhesive roof tiles that contain no metal were imported for the project. Such finishes enhance the lifespan of the building, reducing the need for costly maintenance work and frequent improvements to finishes.



The Platz am Meer building was awarded by the SACSC in September 2017 for excellent design resolution and achieving innovative construction solutions.



SUSTAINABILITY REPORT continued

Natural light and ventilation

Safari properties are designed to make optimal use of natural light and ventilation in public areas. Unlike traditional closed malls which are sealed off from the environment by air-conditioned corridors, Safari's centres breathe through their naturally ventilated open walkways. The Swakopmund development, for example, takes full advantage of its position in a climatically cool coastal zone. Internal walkways absorb natural ventilation without artificial air or cooling systems. Furthermore, the roof allows natural light to filter through, illuminating the walkways during daytime and saving precious energy by reducing the centre's dependence on the electricity grid.

Solar power

Large roof areas are ideal for photovoltaic electricity generation. The sensible option for large roofed centres like our retail centres is a solar power system. To date, the centres in Mamelodi, Atteridgeville and Swakopmund have solar power systems, and the company continuously considers these systems for all future properties. Existing solar systems generate in total 1,7MVA of electricity.

Social impact

Social issues are considered by the company as they relate to the treatment of communities, employees, and health and safety.

Community impact

It is only by bringing services and creating quality assets in all communities that South Africa will

achieve economic empowerment within the context of a broader national empowerment strategy. The presence of Safari's shopping centres not only creates jobs, it also provides a one-stop service and shopping destination for the community at large. Community members no longer have to travel long distances to town for shopping, banking and entertainment, since Safari's centres offer an extensive range of national fashion, food, entertainment and banking brands. This means more money in the pockets of the community residents, which would otherwise be spent on transport to alternative shopping destinations. Revamp phases and expansions are done in accordance with market demand and what the community needs.

Employment

Each Safari asset grants a large number of ongoing employment and business opportunities. Centre managers keep registers of job applicants, and tenants are encouraged to consider appointing these locals when filling job 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 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 towards the centres from the people of the community.



Health and safety

Health and safety of employees and other stakeholders are important to Safari. Property managers are tasked to ensure that operations are conducted in a safe and healthy environment for tenants and their customers. Centre managers ensure that fire-fighting equipment on site and certificates for ventilation systems and extraction units are in place for all properties.

Responsible investment is an investment approach founded on the view that the effective management of environmental, social and governance issues is not only the right thing to do, but is also fundamental to creating value.

Broad-based black economic empowerment (“BBBEE”)

As a responsible corporate citizen, Safari recognises that integrating transformation into our business practice and organisation is crucial for the sustainability of the company and South Africa. We believe that BBBEE is a component of the broader transformation necessary for South Africa, and that the Property Transformation Charter supports this aim.

The company is committed to the principles of transformation and the social and ethics committee is responsible for monitoring progress in complying with the BBBEE scorecard. Progress is monitored through a base-line summary of the application of BBBEE principles and audited annually based on our March financial year cycle. Empowerlogic has been appointed as the accreditation agent. When issued with the

scorecard, the certificate will be published on the Safari website and be lodged with the relevant authorities.

Safari traditionally holds investments in under developed areas of South Africa and supports the upliftment of those areas. The development of small businesses is essential to the development of South Africa. During the construction phase of new developments, opportunities are created for smaller black-owned entities to participate in this phase, thereby gaining a better knowledge and hands-on experience in this sector of the market. A further framework for the improving of skills of black persons happens with the completion of the construction phase. The involvement of local BBBEE suppliers in the management of completed centres is encouraged by the Safari board. Several maintenance and service contracts with local black suppliers have been entered into.

The social needs of the communities surrounding our centres give several opportunities for Safari to get involved in the social development of the people. Our communities are of utmost importance as their growth and stability underpins our business’s own stability and sustainability.

Part of Safari’s vision for the future in a social context is to assist in the education and training of the youth of our communities, thereby empowering the youth to become socially responsible citizens themselves with long-term access to the economy. The board is currently looking at several structures and initiatives to achieve this vision. This is critical if Safari wants to create an enduring platform to maintain a sustained presence in our communities.



Denlyn



Flagship retail centre in underdeveloped urban area

With a footcount of 1,2 million per month and retailers achieving exceptionally high trading densities, Denlyn has repeatedly proven to be the preferred shopping centre of the Mamelodi community. It is strategically positioned at the entrance to Mamelodi on Maphalla Drive which is a busy commuter hub.

Trading since	2003
Number of shops	109
Total built area	43 450m ²
Investment value	R788 800 000
Trading density	R45 600/m ² per annum
National tenants	90%
Major tenant	Shoprite
Occupancy levels	99%



Mamelodi, South Africa (cnr Stormvoël and Maphalla Roads)



GOVERNANCE REVIEW

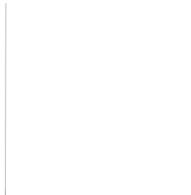


BOARD OF DIRECTORS

**DR JACOBUS
PHILLIPUS SNYMAN**

("Philip")

*Independent
non-executive chairman*

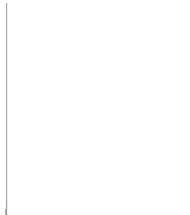


1

**FRANCOIS JAKOBUS
JOUBERT MARAIS**

("Francois")

Chief executive officer



2

**WILLEM LINSTROM
VENTER**

("Willem")

*Executive: financial
director*

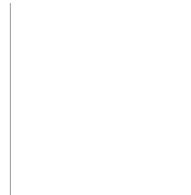


3

**KYRIACOS
PASHIOU**

("Kiki")

*Executive: operations
director*



4

**DIRK CORNELIUS
ENGELBRECHT**

("Dirk")

*Executive: legal
services director
and group company
secretary*



5



Safari and its directors place strong emphasis on good corporate governance and adhere strictly to the requirements for South African REITs.



**FAITH NONDUMISO
KHANYILE**

("Faith")

*Independent
non-executive director*



**LULAMA LEONORA
LETLAPE**

("Lulu")

*Independent
non-executive director*



**DR MARK
MINNAAR**

("Mark")

*Independent
non-executive director*



**CHRISTOPHER
RUSSELL ROBERTS**

("Chris")

*Independent
non-executive director*



**ALLAN EDWARD
WENTZEL**

("Allan")

*Lead independent
non-executive director*



BOARD OF DIRECTORS continued

<p>1 DR JACOBUS PHILLIPUS SNYMAN ("Philip") <i>Independent non-executive chairman</i></p> <p>Committees Investment; remuneration and nomination</p>	<p>Philip has practised as a private dental practitioner in Rustenburg since 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, Peglerae Hospital, Rustenburg Hospital Properties, Rustkor Investments and Rustkor Properties. He has been an investor with Safari from incorporation of the company and formally joined the board during May 2009 as a non-executive board member. Philip succeeded the previous chairman during April 2016 and has since then been Safari's independent non-executive chairman.</p>
<p>2 FRANCOIS JAKOBUS JOUBERT MARAIS ("Francois") <i>Chief executive officer</i></p> <p>Committees Exco; investment; social and ethics</p>	<p>Francois has been practising as an architect since 1965 and has been involved with project implementation and management in the property industry in the categories of educational institutions, health facilities and all facets of commercial projects. In 1990 he launched a division for project development. As a property developer he has completed retail centres, office buildings, residential units and hospitals. Since 1995, Francois has focused on retail development and has been involved in the implementation of commercial projects to the value of approximately R3 billion so far. He has extensive experience in the initiation and financial implementation of property developments and, ultimately, the establishment of these developed properties as sought-after investment assets. Francois, being one of the founding members of Safari, has led the company as the CEO since incorporation.</p>
<p>3 WILLEM LINSTROM VENTER ("Willem") <i>Executive: financial director</i></p> <p>Committees Exco</p>	<p>Willem obtained a BCom Accounting and Honours degree at the University of Pretoria in 2006 and completed his articles at Deloitte Pretoria. He qualified as a CA(SA) in 2009. In 2010, Willem joined Cosmos Management to oversee the bookkeeping and operational functions of Safari. With Cosmos being the dedicated financial and facilities manager of Safari's portfolio Willem gained first-hand knowledge of Safari and its operations during his time at Cosmos. Willem was appointed as the financial director for the Safari group with effect from 1 April 2017.</p>
<p>4 KYRIACOS PASHIOU ("Kiki") <i>Executive: operations director</i></p> <p>Committees Exco; investment</p>	<p>Kiki is the CEO of Pace Construction Proprietary Limited ("Pace"). He has a wealth of experience and knowledge of all facets of the construction industry and has been involved in the construction of 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.</p> <p>Large portions of Pace's developments consisted of apartment blocks for the sectional title market and office blocks for investment purposes. In 1995, he became an integral part of the Safari group and co-developed shopping centres in Gauteng and North-West province.</p> <p>Kiki has served on the Safari board since incorporation and is one of the founding members of Safari Investments.</p>
<p>5 DIRK CORNELIUS ENGELBRECHT ("Dirk") <i>Executive: legal services director and group company secretary</i></p> <p>Committees Exco</p>	<p>Dirk obtained his BCom Law and LLB degrees from the University of Pretoria and subsequently completed his articles at Weavind & Weavind Incorporated where he remained as practising attorney focusing on general litigation until 2011. During 2011, he was appointed by G4S Secure Solutions as the national legal adviser tasked with the general legal and statutory duties and governance of one of the largest security firms in South Africa. Dirk joined Safari in January 2014 as the group company secretary and legal adviser and was appointed as an executive director in February 2018. As executive director and company secretary Dirk oversees all legal and corporate governance aspects of the Safari Investment group of companies and is involved in all aspects of the company's developments, investments and acquisitions.</p>

6 FAITH NONDUMISO KHANYILE

("Faith")

Independent non-executive director

Committees

Audit and risk; investment; remuneration and nomination

Faith is currently the CEO of WDB Investment Holdings. Before assuming this role in late 2013, she worked for Standard Bank in its Corporate and Investment Bank ("CIB") division for 12 years, for the last six years of which she was 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. Faith was a member of the 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, USA, and a Masters in Business Administration (MBA)-Finance, from Bentley Graduate School of Business, USA. She also has an HDip Tax from Rand Afrikaans University and completed an Executive Leadership programme at Columbia University (New York) in 2007. Faith was appointed as an independent non-executive director during August 2015 after WDB Investment Holdings became an institutional shareholder of Safari.

7 LULAMA LEONORA LETLAPE

("Lulu")

Independent non-executive director

Lulu is a communications and development expert with extensive experience in corporate communications, community development, transformation and stakeholder management. Her experience in parastatals and corporates, both as an executive and a non-executive, has provided her with immense knowledge and experience in leadership. She has worked at senior levels of management for organisations like Telkom, Mercedes-Benz, Santam, BHP Billiton and South32. At Telkom she was promoted from manager to senior manager, then to executive and eventually became a group executive. At BHP Billiton she was appointed as Vice President for the South African office but later became Vice President for the Group. She was also invited to serve on the boards of PRASA and AUTOPAX. In her 20-year career in senior management roles she focused on communication and reputation management, transformation, public and stakeholder relations, corporate image and events management. Lulu was appointed to the Safari board during February 2018 as an independent non-executive member.

8 DR MARK MINNAAR

("Mark")

Independent non-executive director

Committees

Audit and risk; investment; remuneration and nomination

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 EyebornHydroxyapatite 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. He was a co-founder of and served as the managing director on the boards of the following property investment companies until 2014: Shanike Investments Proprietary Limited, Pretoria Eye Institute Investments and Laritza Investments No 171. Mark was appointed as an independent non-executive director during March 2008.

9 CHRISTOPHER RUSSELL ROBERTS

("Chris")

Independent non-executive director

Chris initially served as executive and development director of EG Chapman Group. Under his leadership the group developed, *inter alia*, two golf estates and a number of retail and office developments in South Africa. During this time, he was also involved in the creation of Unibank where he served on the board for a number of years. Subsequent to his involvement at the Chapman Group he became managing director of 5th Avenue Properties in Johannesburg, developing various corporate head offices, shopping centres and office parks in Gauteng. He continues to be a shareholder and director of the privately held Cornerstone Property Fund. In his personal capacity and as part of his family venture he developed a number of smaller office developments in Pretoria under the name of RPG (Roberts Property Group). Chris is a commercial property developer with extensive experience in identifying development opportunities, property finance, leasing and management of property. He was appointed to the Safari board during February 2018 as an independent non-executive member.

10 ALLAN EDWARD WENTZEL

("Allan")

Lead independent non-executive director

Committees

Audit and risk (*chairman*); remuneration and nomination (*chairman*); social and ethics (*chairman*)

Allan is a qualified chartered accountant and has acted in various positions in the field of commerce since 1975, at which time he was the chief executive of African Bank Limited, the only black-owned bank in South Africa at the time. He has since practised as a chartered accountant consultant, 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 achievements include: the formation of African Bank Limited, the formation of CDT Foundation NPC and the listing of the first black-owned group on the JSE, formerly known as Kilimanjaro Investments Limited. 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. Allan was appointed as the lead independent non-executive director of Safari during September 2009 and also chairs various board subcommittees, including the audit and risk committee.

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. The board and management team provides effective leadership and supervision based on ethical imperatives.



This approach is evidenced in the quality of the properties, the tenants and the continued demand for excellent operational management of the Safari portfolio. The team is represented by a healthy spread of professionals, from disciplines such as architecture, civil engineering, construction, medical, legal and financial industries.

The board consists of 10 directors, of whom six are independent non-executives and four executives. The chairman, Dr JP Snyman, being an independent non-executive director, oversees the board's functioning, supported by Mr AE Wentzel as lead independent non-executive director. The chief executive officer, Mr FJJ Marais, leads the executive team and attends to the day-to-day functions of the business.

Mr SJ Kruger, a founding member, resigned from the board as alternate non-executive director with effect from 30 November 2017 and we wish to thank him for his loyal service and valuable contribution during his years at Safari. The board has decided

to increase its size to 10 members and made the following appointments during February 2018:

- ▶ Mr CR Roberts and Ms L Letlape as independent non-executive board members. Mr Roberts is a commercial property developer with extensive experience in identifying development opportunities, property finance, leasing and management of property. Ms Letlape has over 20 years' experience in senior management where she focused on communication and reputation management, transformation, public and stakeholder relations, corporate image and events management; and
- ▶ Mr DC Engelbrecht, the group company secretary, was appointed as an executive director in charge of legal and compliance and will continue to oversee all legal and corporate governance aspects of the Safari Investment group of companies. He is involved in all aspects of the company's developments, investments and acquisitions.

We welcome the new board members and look forward to benefiting from their expertise and contributions in the years to come.



Name, age and nationality ¹	Qualifications	Capacity	Director's aggregate indirect and direct interest in Safari 31 March 2018	Director's aggregate indirect and direct interest in Safari 31 March 2017
Dr Jacobus Phillipus Snyman (65)	BChD (1977)	Independent non-executive chairman	0,30%	0,59%
Francois Jakobus Joubert Marais (77)	BArch (1964) Architect	Chief executive officer	2,91% ²	4,42% ²
Willem Linstrom Venter (35)	CA(SA) (2008)	Executive: financial director	–	–
Kyriacos Pashiou (63)	National Diploma in Construction Management (1977)	Executive: operations director	2,96% ²	5,39% ²
Dirk Cornelius Engelbrecht (33)	BCom Law (2006), LLB (2008)	Executive: legal services and group company secretary	–	–
Faith Nondumiso Khanyile (50)	BA (Hons) (1991), MBA (1994), MCom (2000), HDip Tax (2004)	Independent non-executive	4,94% ³	2,49% ³
Lulama Leonora Letlape (52)	BA (KZN), BEd (KZN), MManagement (Wits), Breakthrough Programme for Senior Executives (IMD Switzerland)	Independent non-executive	–	–
Dr Mark Minnaar (50)	MBChB, Diploma Anaesthesiology FCS (SA) (1991)	Independent non-executive	0,39% ²	0,69% ²
Christopher Russell Roberts (63)	Diploma in Business Management	Independent non-executive	–	–
Allan Edward Wentzel (78)	CA(SA) (1961)	Lead independent non-executive	–	–

¹ All the directors are South African.

² May include indirect beneficial interest held through a shareholder which is a company or close corporation.

³ 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 0,12% of Dr M Minnaar's holding and Mr WL Venter's holding of the interests in their personal capacity. The interests of the directors as stated in the table above have remained unchanged from 31 March 2018 up to the date of publication of this report.

DIRECTORS' INFORMATION continued

Directors' transparency and remuneration report

The remuneration of the board for the financial periods ended 31 March 2017 and 2018 is set out in the table below:

Name	Directors' fees ¹		Committee fees		Consulting		Total	
	2018 R	2017 R	2018 R	2017 R	2018 R	2017 R	2018 R	2017 R
Executive directors								
FJJ Marais	120 000	100 000	156 000	110 000	754 000	600 000	1 030 000	810 000
WL Venter	1 173 094 ²	–	–	–	–	–	1 173 094	–
K Pashiou	90 000	68 000	130 000	66 000	110 500	116 250	330 500	250 250
DC Engelbrecht	110 000 ²	–	–	–	–	–	110 000	–
JZ Engelbrecht	60 000	720 000	–	–	–	72 000	60 000	792 000
Non-executive directors								
JP Snyman	142 500	100 000	126 000	120 000	4 000	–	250 000	272 500
CR Roberts	13 333	–	–	–	–	–	13 333	–
LL Letlape	13 333	–	–	–	–	–	13 333	–
FN Khanyile ³	100 000	68 000	40 000	30 000	–	–	140 000	98 000
SJ Kruger	46 667	50 000	–	–	–	–	46 667	50 000
M Minnaar	100 000	68 000	130 000	90 000	4 000	–	234 000	158 000
AE Wentzel	–	–	350 000	300 000	–	–	350 000	300 000
Total	1 968 927	1 206 000	932 000	722 000	872 500	788 250	3 750 927	2 716 250

¹ There are no benefits such as medical or pension benefits.

² Remuneration is a fixed annual salary plus performance bonus in terms of employment agreement. Remuneration shown is from date of appointment as director.

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/she is beneficially interested, directly or indirectly, or of which he/she is a director, or to any partnership, syndicate or other association of which he/she is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him/her as a director.

BOARD CHARTER



DR JP SNYMAN
Chairman



FJJ MARAIS
Chief executive officer



WL VENTER
Financial director



K PASHIOU
Operations director



DC ENGELBRECHT
*Legal services director
and group company
secretary*



FN KHANYILE
Independent



LL LETLAPE
Independent



DR M MINNAAR
Independent



CR ROBERTS
Independent



AE WENTZEL
Lead independent

Executive directors Non-executive directors

Corporate governance statement

Safari is fully committed to applying each and every recommendation contained in the King Code of Corporate Governance for South Africa 2017 ("King IV"), 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 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 under the REIT section. The board endeavours to maintain the highest level of corporate governance and, as such, the principles set out in King IV are applied. The full details on the application of the King IV principles are set out on pages 59 to 65.

The board is collectively responsible to the stakeholders for the long-term success of the group and for the overall strategic direction and control of the company. 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 IV 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 with the group's value system by reviewing

BOARD CHARTER continued

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 IV 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 committee, specific limits for the levels of risk tolerance;
- ▶ defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the group;
- ▶ ensuring that the group's annual financial statements are prepared and are laid before a duly convened annual general meeting of the group;
- ▶ ensuring that a communications policy is established, implemented and reviewed annually and, in addition to its statutory and regulatory reporting requirements, that such policy contains accepted principles of accurate and reliable reporting, including being open, transparent,

honest, understandable, clear and consistent in Safari's communications with stakeholders;

- ▶ considering recommendations made to the board by the remuneration and nomination committee with regard to the nomination of new directors and the reappointment 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 10 directors, of which four are executive directors and six are independent non-executives.

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, in line with the recommendations of King IV.

The chief executive officer

Mr FJJ Marais is the CEO of Safari. 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 has adopted a code of ethics which is applied throughout the group.

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. Effective 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 group company secretary is 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, as a whole, and individual directors were assessed on their overall performance in order to identify areas for improvement in the discharge of functions of individual directors and the board. This review was undertaken by the remuneration and nomination committee and group company secretary.

Board meetings

During the financial year, the board held six formal board meetings, at which an attendance record of 96% was achieved (see table on page 48). The board set the strategic objectives of the group and determined investment and performance criteria. The board furthermore effectively managed the sustainability, property management, control, compliance and ethical behaviour of the businesses under its direction.

BOARD CHARTER continued

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 2018, the board also held its annual strategic planning session, at which the medium- and long-term strategy of Safari was reviewed and confirmed.

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.

Attendance of board meetings

Director	31 May 2017	21 June 2017	31 August 2017	8 November 2017	28 February 2018	16 March 2018
JP Snyman	√	√	√	√	√	√
FJJ Marais	√	√	√	√	√	√
WL Venter	√	√	√	√	√	√
K Pashiou	√	√	X	√	√	√
DC Engelbrecht	~	~	~	~	~	√
FN Khanyile	√	√	√	√	√	√
SJ Kruger	~	√	X	~	~	~
LL Letlape	~	~	~	~	~	√
M Minnaar	√	√	√	√	√	√
CR Roberts	~	~	~	~	~	√
AE Wentzel	√	√	√	√	√	√
Attendance	100%	100%	75%	100%	100%	100%

√ = Attended

X = Absent

~ = Not a member

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 predetermined policy used to assess a director's interest in transactions.

Dealing in securities

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

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 remuneration and nomination committee.

The development and implementation of nomination policies will be undertaken by the remuneration and nomination committee and the board as a 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 non-executive directors for the time being shall

retire from office, by rotation, provided only that if a director is an executive or the 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 continued in his position and was appropriately empowered to fulfil his duties with regard to assistance to the board. His name, business address and qualifications are set out in the "corporate information" section.

The group company secretary assists the remuneration and nomination 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 effectively enhances his abilities as gatekeeper of good corporate governance through regularly attending skills development programmes.

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

Dirk obtained his BCom Law and LLB degrees from the University of Pretoria and subsequently completed his articles at Weavind & Weavind Incorporated where he remained as practising attorney focusing on general litigation until 2011. During 2011, he was appointed by G4S Secure Solutions as the national legal adviser tasked with the general legal and statutory duties and governance of one of the largest security firms in South Africa. Dirk joined Safari in January 2014 as the group company secretary and legal adviser and was appointed as an executive director in February 2018. As executive director and company secretary Dirk oversees all legal and corporate governance aspects of the Safari Investments group of companies and is involved in all aspects of the company's developments, investments and acquisitions.

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BOARD COMMITTEES



The board has delegated certain functions to the executive committee, audit and risk committee, investment committee, remuneration and nomination committee, and social and ethics committee. The board is conscious of the fact that such delegation of duties is not an abdication of the board members' responsibilities.



The various committees' terms of reference will continue to be reviewed annually and such terms of reference will be disclosed in the group's integrated annual 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	31 May 2017	26 July 2017	2 August 2017	27 September 2017	25 October 2017	1 February 2018	14 March 2018
FJJ Marais	√	√	√	√	√	√	√
WL Venter	√	√	√	√	√	√	√
K Pashiou	√	√	√	√	√	√	√
DC Engelbrecht	~	~	~	~	~	~	√
Attendance	100%	100%	100%	100%	100%	100%	100%

√ = Attended

~ = Not a member

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 and approved 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 reported risks 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 may attend meetings.

The committee has conducted seven meetings and has maintained 100% attendance by the committee members. The committee deliberated, decided and made recommendations on all matters of strategy and operations within its mandate as set by the board, and from time to time the decisions or recommendations were referred to the board or relevant board committees for final approval.

On behalf of the executive committee

FJJ Marais

Chairman: executive committee

Pretoria
20 June 2018

BOARD COMMITTEES continued

Investment committee

Members	28 June 2017	2 July 2017	21 July 2017	27 October 2017	16 February 2018
FJJ Marais	√	√	√	√	√
JP Snyman	√	√	√	√	√
K Pashiou	√	√	√	√	√
M Minnaar	√	√	√	√	√
Attendance	100%	100%	100%	100%	100%

√ = Attended

The duties of the investment 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 abovementioned duties, the 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 outside its approval mandate.

The committee is chaired by the CEO and comprises a further two independent non-executive directors and one executive director and, by invitation, other non-executive directors and members of senior management may attend the meetings.

Report by the investment committee

The 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 redevelopment and turnaround potential.

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

In line with the company's strategy to diversify its growing portfolio and to explore investment opportunities in Central and Eastern Europe, the investment committee travelled to Bulgaria during April 2018. The committee is currently finalising its due diligence on the investment research which will be presented to the board in due course.

The committee has conducted five meetings, with 100% 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.

New investments

Phase 2 of Platz am Meer, comprising 36 luxury living units, was completed during this financial year, and the sale of all these units is expected to be completed within the next 24 months. These 36 luxury seafront apartments are fully equipped with state-of-the art finishes, and dedicated agents have been appointed to assist in this enterprise.

The following new investments were approved by Safari's board on recommendation by the investment committee during the 2018 financial year:

Project	Project status	Budget approved R	Information
Nkomo Village	In progress	345 239 856	A revised budget of R345 239 856 for the Nkomo Village Shopping Centre development was approved. Nkomo Village is a community centre of approximately 24 800m ² gross lettable area. The original budget of R314 434 603 was adjusted as a result of increased interest in the centre and bringing national tenants such as McDonalds, Builders Warehouse, The Gym Company, Boxer Superstore and Food Lover's Market to the Atteridgeville community for the first time ever. The centre is set to open in November 2018.
Platz am Meer	In progress	11 264 487	The committee reviewed an additional budget amounting to R11 264 487 for the upgrading of existing road infrastructure around the centre and to construct mooring facilities in the small boat harbour which will enhance the centre as a tourist attraction in Namibia and ultimately increase the return on the project. The board approved the additional budget.

Current projects under construction

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

Note	Project*	Project status	Approved R	31 March 2018 R	31 March 2019 R
1.	Sebokeng – Thabong Phase 4	Completed	66 791 360	20 671 880	–
2.	Swakopmund – Platz am Meer	Phase 1: Completed			
		Phase 2: Completed	575 006 176	77 201 351	
		Phase 3: In progress	11 264 487	–	11 264 487
3.	Heidelberg – The Victorian (PnP upgrade, Spur extensions and refurbishment)	Completed	16 303 948	2 275 061	–
4.	Atteridgeville – Nkomo Village	In progress	345 239 856	98 203 700	225 379 000
Total			1 278 067 098	198 351 992	236 643 487

* Also refer to note 29 in the annual financial statements for the total future capital commitments.

BOARD COMMITTEES continued

1. Thabong Phase 4 included an extension to Thabong Shopping Centre to accommodate a Builders Warehouse Superstore (part of the Massmart group). We relocated JetMart to a smaller shop in order to accommodate a gymnasium which commenced trading during March 2017 and proved to be a value-adding offering at Thabong.
2. The Swakopmund Platz am Meer development. Phase 1, the Shopping Centre, was completed and opened during September 2016, bringing first-time national tenants to the town of Swakopmund, including Woolworths, Checkers, Dis-Chem and others. Phase 2 of the project, upmarket residential penthouses and apartments, was completed in November 2017. Phase 3 includes upgrade of road infrastructure around the development as well as construction of mooring facilities in the small boat harbour.
3. The general upgrade and refurbishment of the Victorian Centre was completed, including an upgrade of Pick n Pay and an extension to Spur. The upgrade and refurbishment was completed and extremely well received by the public.
4. Nkomo Village Centre is a small regional centre of approximately 24 800m² and will be anchored by Pick n Pay and Boxer with other national retailers such as Builders Warehouse Superstore, Pep and McDonalds. We are proud to bring with this development McDonalds, Gym Company, Food Lover's Market and Medizone to our portfolio and also to the Atteridgeville community for the first time. Groundwork was completed in 2016 and construction of the centre commenced in April 2017. The anticipated opening date is November 2018.

Stands available for future investments

Name	Location	Cost at acquisition R	Market value R	Size m ²	Ownership
Sebokeng Erf 95 and 86	Moshoeshoe Street, Sebokeng	2 116 607	2 002 688	2 752	Freehold
Lynnwood Erf 582, 583, 584, 585 and 586	Corner of Lynnwood and Roderick Streets, Lynnwood, Pretoria	40 000 000	39 400 000	13 133	Freehold

On behalf of the investment committee



FJJ Marais

Chairman: investment committee

Pretoria

20 June 2018

Remuneration and nomination committee

Members	11 May 2017	14 June 2017	25 August 2017	8 November 2017	14 February 2018
AE Wentzel	√	√	√	√	√
JP Snyman	√	√	√	√	√
M Minnaar	√	√	√	√	√
Attendance	100%	100%	100%	100%	100%

√ = Attended

The remuneration and nomination 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 committee by invitation, but do not participate in discussions regarding their own remuneration and benefits.

The committee is furthermore responsible for reviewing the group's board structure, the size and composition of the board, succession planning for board members and key management personnel 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 remuneration and nomination committee

The 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 in conjunction with the group company secretary. The 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, 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 to the board. The committee has put in place a formal succession plan for the CEO. The succession plan will be expanded in the next year to cover the entire board and key management personnel.

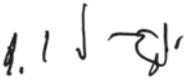
The committee has the responsibility to consider and make recommendations to the board on, *inter alia*, remuneration policy of the group, payment of performance bonuses, executive remuneration, and short-, medium- and long-term incentive schemes and employee retention schemes. External market surveys and benchmarks were used to determine executive director and/or employee 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.

Both Safari's remuneration policy and its implementation report will be presented to shareholders for separate non-binding advisory votes thereon at the AGM to be held on 31 July 2018. In the event that 25% or more of shareholders vote against either the remuneration policy or the implementation report at the meeting, Safari will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns. Safari's stated business objectives are fair and responsible toward both the employee and shareholders.

BOARD COMMITTEES continued

During this financial year, the committee conducted five meetings with 100% attendance by the members.

On behalf of the remuneration and nomination committee



AE Wentzel

Chairman: remuneration and nomination committee

Pretoria

20 June 2018



Social and ethics committee

Members	25 August 2017	26 January 2018
AE Wentzel	√	√
FJJ Marais	√	√
FN Khanyile	√	√
Attendance	100%	100%

√ = Attended

The committee comprises Mr AE Wentzel (lead independent non-executive director and chairman of the committee), Mr FJJ Marais (CEO) and Ms FN Khanyile (independent non-executive director).

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 socially responsible manner to the benefit of the community and the environment in which Safari operates.

The committee believes that the specialised industry in which Safari operates allows it to make a significant contribution to the community and environment. At its recent annual strategy session, the board of Safari emphasised its focus on the social upliftment of our communities, and this committee was tasked to present a sustainable long-term educational project within the next year. 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 immediate community and environment, which will directly impact the business of Safari. In the years we have operated in these areas we build long standing relationships with the communities whom have adopted the centre as a critical part of the society.

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 consider areas of need where Safari is in a position to assist and contribute to the community positively.

Examples in the 2018 financial year include assistance or contributions to:

- ▶ Compass (Community Provision and Social Services);
- ▶ Lucas Moripe Youth Development (Mamelodi);



- ▶ Chrysalis Nursery School (a preschool catering for children with special needs);
- ▶ Meals on Wheels;
- ▶ an orphanage in Atteridgeville;
- ▶ an old-age home in Mamelodi;
- ▶ Hakuna Matata Charity (Swakopmund); and
- ▶ Mandela Day involvement:
 - Helping to paint a school in Atteridgeville;
 - We donated food parcels to an old-age home in Sebokeng;
 - We donated toys to a children’s home in Heidelberg; and
 - We donated food parcels for a clean-up event at a school in Mamelodi.

Safari considers 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 derived from these surveys, plays an important role in the planning of these upgrades and expansions.

Safari’s board approves an annual budget for donations and the 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 owns shopping centres.

The committee monitors the company’s business practices 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 board approved and adopted a gender and race diversity policy during 2016 and the committee reviews the policy annually and will make formal recommendations of amendments should it deem necessary.

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

AE Wentzel
Chairman: social and ethics committee

Pretoria
 20 June 2018

APPLICATION OF KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA



Safari Investments RSA Limited (“Safari” or “the company”) is committed to the highest standards of ethics and corporate governance. Being listed on the Johannesburg Stock Exchange operated by the JSE Limited (“JSE”) the company complies with the principles of King IV and the mandatory corporate governance requirements of the JSE.



The Companies Act places certain duties on directors and determines that they should apply the necessary care, skill and diligence in fulfilling their duties. To ensure that this is achieved, the board applies best-practice principles as contained in King IV.

Paragraph 8.63 (a)(i) of the Listings Requirements stipulates that issuers are required to disclose the implementation of the King Code through the application of the King Code disclosure and application regime. For the period ended 31 March 2018, Safari applied all the principles of King IV as disclosed below.

King IV advocates an outcome-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes. The desired outcomes are listed below, together with the practice implemented and progress made towards achieving the 17 principles in meeting the outcomes.

GOVERNANCE OUTCOME ONE: ETHICAL CULTURE

Principle 1

Leadership: The board should lead ethically and effectively

The Safari board of directors (“the board”) is the governing body and committed to the good corporate governance principles as set out in King IV. Safari’s values of quality, integrity, improvement and innovation guide the behaviour of how the board must discharge its duties and responsibilities.

The directors hold one another accountable for decision-making. Board members are under a legal duty to prevent conflicts of interest with the company and are obliged to make full disclosure of any areas of conflict prior to any consideration or discussion by the board of such matters, and may not take part in any discussion and must recuse themselves from voting on such matters.

The chairman is tasked to monitor this as part of his duties and the annual board assessment is managed by the remuneration and nomination committee for and on behalf of the chairman. The annual assessments on individual performance

were satisfactory in respect of ethical characteristics demonstrated by each of the directors on the board. The board will make ongoing assessments to ensure that the ethical characteristics demonstrated by the individual directors are continued.

In order to ensure effective appointments of board members, committee members and executives are proposed by the remuneration and nomination committee to enhance the appropriate mix of skills and independence of thought. New board members appointed from time to time are given a detailed and appropriate induction into the business and affairs of the group.

The board has adopted a stakeholder-inclusive approach in the execution of their governance role and responsibilities.

Principle 2

Organisational ethics: The board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The board determines and sets the tone for Safari’s values and the requirements of being a responsible corporate citizen. The board has a fiduciary duty to act in good faith, with due care and diligence and in the best interest of all stakeholders. While control of the day-to-day management is delegated to management, the board retains full and effective control over the group. The responsibility for monitoring the overall responsible corporate citizenship performance of the organisation was delegated to the social and ethics committee by the board.

A whistle-blowing policy was implemented where employees can report any unethical practice or fraud anonymously and free from victimisation. The whistle-blowing policy and reviewed code of ethics is part of a variety of initiatives that have been put in place to create awareness of ethical conduct requirements.

Safari’s code of ethics (“the code”), as adopted by the board, guides the ethical behaviour of all Safari employees and directors to ensure that Safari maintains the highest level of integrity and ethical conduct and, among others, regulates aspects of confidentiality, non-discrimination, bribes and political

APPLICATION OF KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA continued

contributions. The code deals with duties of care and skill as well as those of good faith, including honesty, integrity and the need to always act in the best interest of the company. The code is published on the company's website and incorporated as an addendum in employee contracts, as well as in employee induction and training programmes. A high-level overview for governing and managing ethics is also disclosed in the integrated annual report.

The social and ethics committee will, subject to board approval, implement new policies on price-sensitive information and insider trading. All board members adhere to strict policies and procedures in terms of conflicts of interest. Planned areas for future focus will include the continued training of employees and board members to ensure that the group embeds a culture of ethical behaviour in all aspects of its operations.

Principle 3

Responsible corporate citizenship: The board should ensure that the organisation is, and is seen to be, a responsible citizen

As guardian over the values and ethics of the company, the board annually emphasises its responsibility at its strategy session in March. Here the business strategy and priorities are assessed, reviewed, formalised and approved in accordance with the board's role of overseeing the company's conduct as a good corporate citizen. It is imperative for the board of Safari to ensure that the consequences of the group's activities do not adversely affect its status of a responsible corporate citizen in the areas of the workplace and the economies of the geographical areas within which it operates, with due regard to social and environmental issues.

The board, with the support of the executive team, oversees and monitors how the operations and activities of the company affect its status as a responsible corporate citizen. This is measured against agreed performance targets that are in support of Safari's strategic imperatives. The performance targets contain financial and non-financial measures. Non-financial measures encompass the areas of workplace, economy, society

and environment so that the company's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen.

Going forward the company will holistically consider its responsibilities in the areas of workplace, society in general and the environment, all being key inter-related factors in ensuring the sustainability of the group's business.

GOVERNANCE OUTCOME TWO: PERFORMANCE AND VALUE CREATION

Principle 4

Strategy and performance: The board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process

The board's paramount responsibility is to ensure that it creates value for its shareholders while taking into account the interest and expectations of its stakeholders. The directors individually and collectively assist the group to realise its strategic objectives; to manage risk and opportunities that could threaten or enhance the group's ability to provide sustainable long-term growth; to maintain and enhance efficiencies within the group's businesses; and to support the people who rely on the businesses.

Safari's ability to create value in a sustainable manner is illustrated throughout its business model. Refer to pages 8 – business model, and 32 – sustainability report, that present material information in an integrated manner to provide users with a clear, concise and understandable presentation of Safari's performance in terms of sustainable value creation in the economic, social and environmental context within which it operates.

Safari sets and achieves its strategic objectives with reference to its risks and opportunities. The board continuously assesses both the positive and negative outcomes resulting from its business model and

responds to it. Safari's strategic objectives are set out on page 9.

Principle 5

Reporting: The board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects

The board ensures that communication is done effectively in a transparent, clear, balanced and truthful manner with the highest regard to integrity and ethical standards.

Safari circulates and publishes its interim and integrated annual reports both online and in printed form. The reports connect the more detailed information at a high level and in a complete, concise way, to respect matters that could significantly affect or improve the company's ability to create sustainable value. The report also includes the consolidated annual financial statements and complies with legal requirements and all required disclosures.

Information is also made available to stakeholders via investor presentations, roadshows and on the company's website at www.safari-investments.com.

Refer to page 3 for historical information, and page 16 for its detailed overview of the financial year.

GOVERNANCE OUTCOME THREE: ADEQUATE AND EFFECTIVE CONTROL

Principle 6

Primary role and responsibilities of the board: The board should serve as the focal point and custodian of corporate governance in the organisation

The board's role, responsibilities and procedural conduct are documented in the board charter to guide effective functioning. The board serves as the focal point and custodian of corporate governance of Safari. The board meets quarterly to attend to

general matters and once annually to assess, review and approve its ongoing short- and medium-term strategies. Additional meetings may be convened should important matters arise between meetings.

Information on the performance of the group for the year to date, and any other matters for discussion at the board meetings, are circulated well in advance of every meeting. At board meetings, both financial as well as non-financial and qualitative information that might have an impact on stakeholders are considered. Refer to pages 48 and 50 to 57 for details on board and board subcommittee meetings.

An appropriate governance framework and the necessary policies and processes are in place to ensure that the company and its subsidiaries adhere to governance standards.

Principle 7

Composition of the board: The board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively

The board, with the assistance of the remuneration and nomination committee, considers on an annual basis its composition in terms of balance of skills, experience, diversity, independence and knowledge, and whether this enables it to effectively discharge its role and responsibilities. The board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to perform its role and responsibilities. The board has strengthened its succession plan to also include an emergency succession plan in the event of an unforeseen event.

Safari has a unitary board of 10 members and, in accordance with King IV, the majority of the directors are independent non-executive directors, with the majority of these independent. The chairman is an independent non-executive director supported by the lead independent non-executive director. Six of the ten members are independent non-executive directors, with the remaining four members in executive positions with the roles of chairman and

APPLICATION OF KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA continued

chief executive being separated. All board members are suitably qualified to act in the best interest of stakeholders.

The independence of directors is reviewed on an annual basis against criteria stipulated in King IV, and arrangements for the periodic, staggered rotation of board members are contained within the company's memorandum of incorporation and are duly applied.

Refer to pages 40 and 41 reflecting the skills and experience of the board. Safari's gender diversity policy is also available on its website.

Principle 8

Committees of the board: The board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of duties

The board has established four board sub-committees to assist the directors in fulfilling its duties and responsibilities. Each committee has a formal terms of reference and reports to the board at regular intervals. The terms of reference set out the objectives, authority, composition and responsibilities of each committee and have been approved by the board. All the committees are free to take independent outside professional advice as and when required at the company's expense.

Membership of the committees is as recommended by King IV, except in the case of a combined remuneration and nomination committee where the chairman of the board is a member but not the chairman of the committee.

The composition of the committees of the board is balanced, and the distribution of authority between the chairman and directors is balanced. It should not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused.

The audit and risk committee is satisfied that the auditor is independent as non-audit services are not performed and the auditor firm was appointed

with the designated partner having oversight of the audit. The financial director is the head of the finance function and he has two senior financial managers reporting to him. Internal audit is fully outsourced and the financial director is responsible for overseeing and co-ordinating the effective functioning of the outsourcing arrangement. An assessment of the effectiveness of the financial director function is performed annually by the audit and risk committee.

An executive committee has been established with the primary responsibility for assisting and advising the chief executive officer in (i) implementing the strategies and policies determined by the board, (ii) managing the business and affairs of the group, (iii) prioritising the allocation of capital, technical and human resources, and (iv) ensuring best practices.

In addition to the above, ad hoc committees are formed from time to time to assist the board in discharging its duties.

Please refer to page 50 of the integrated annual report for reports by each committee.

Principle 9

Evaluations of the performance of the board: The board should ensure that evaluation of its own performance and that of its committees, its chair and its individual members, do support continued improvement in performance and effectiveness

Performance evaluation of the board, its committees, the chairman, individual members and the company secretary was conducted formally and, although not externally facilitated, it was done in accordance with the methodology approved by the board. The overview of the evaluation results is that there were no issues raised and contribution, value and participation considered satisfactory and positive. Items identified for improvement are discussed and followed up to ensure recommended actions. The skills represented on the board were also assessed as well balanced.

Each committee undertakes an annual committee self-evaluation in order to assess whether the

committee has the required skills within its membership and is effective in performing in line with its objectives and is discharging its responsibilities as delegated by the board.

The company secretary's performance is also evaluated to ensure that there is an arm's-length relationship between the board and the company secretary in that the objectivity and independence of the company secretary is not unduly influenced. Safari's company secretary was appointed as an executive board member during the 2018 financial year, and the board was confident that his objectivity and independence is in no way compromised. The company secretary's performance is assessed annually and no major issues or concerns have been identified. The board is satisfied that the company secretary is performing well in executing the functions that he oversees.

Principle 10

Appointment and delegation to management: The board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities

In terms of the board charter, the board's responsibilities include the appointment of a chief executive officer, approval of a corporate strategy, risk management and corporate governance. The board must review and approve its business plan and must monitor the financial performance of the group and implementation of strategies.

Board members have full and unrestricted access to management and all group information and property. Directors may meet separately with members of the management team without executives present. The chief executive officers have a fixed-term employment contract that can be terminated with three months' written notice by either party.

A detailed delegation of authority policy and framework indicates matters reserved for the board and those delegated to management. The board is satisfied that Safari is appropriately resourced and

that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. In instances where delegation has taken place to management or committees, preapproved materiality levels and terms of references apply respectively.

The chief executive officer does not have any work commitments outside the Safari group and/or associated business partners. To provide continuity of executive leadership, succession planning is in place and is regularly reviewed to provide succession in both emergency situations and over the longer term.

Principle 11

Risk governance: The board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives

The audit and risk committee assists the board with the responsibility for governing risk by setting the direction for how risk is to be approached and addressed across the group in order to achieve its strategic objectives. The board is aware of the importance of the governance of risk management as it is critical to the strategy, performance and sustainability of Safari.

The audit and risk committee implements a process whereby risks to the sustainability of the company's business are identified, monitored and managed within acceptable parameters. The audit and risk committee delegates to management the task to continuously identify, assess, mitigate and manage risks within the existing but stable risk profile of Safari's operating environment. Mitigating controls are formulated to address the risks, and the board is kept up to date on the status of the risk management plan.

Further oversight of risk exercises includes the receipt and review of internal audit reports; due-diligence processes to evaluate and understand risks and opportunities that acquisitions may contain; and annual review and assessment of the group's insurance portfolio.

APPLICATION OF KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA continued

Responsibility for effective risk management is spread across the group's workforce and management.

Refer to pages 22 to 29 for an overview on Safari's risk management.

Principle 12

Technology and information governance: The board should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives

The executive committee assists the board with the governance of information technology. The board is aware of the importance of technology and information as it is inter-related to the strategy, performance and sustainability of Safari. The company secretary and information technology service providers are consulted on a regular basis with reference to applicable legislation and the protection and management of technology and information principles respectively.

Principle 13

Compliance governance: The board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen

Responsibility for the implementation and execution of effective compliance management is delegated by the board to management. The company secretary, who is also an executive director for all legal services, ensures compliance with all applicable laws, rules, codes and standards at the highest ethical standards. The board, however, retains ultimate responsibility for compliance in this regard. Relevant new legislation or regulations introduced from time to time are brought to the attention of the respective board and committee members to ensure that compliance requirements are kept up to date.

During the review period there were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory

obligations imposed on the company, members of the board or officers. There were no findings of non-compliance with environmental laws or criminal sanctions and prosecutions for non-compliance.

Principle 14

Remuneration governance: The board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term

The board assumes responsibility for the governance of remuneration and sets the direction across the group. Annual assessments are done by the remuneration and nomination committee and this committee is free to obtain independent outside professional advice on fair and market-related remuneration. The committee undertakes frequent benchmarking exercises in order to ensure fair and responsible remuneration of employees and executives. Please refer to page 119 of the integrated annual report where directors' remuneration is disclosed comprehensively. Safari's board remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner. A remuneration policy was approved at the 2017 annual general meeting of shareholders for a period of two years.

Principle 15

Assurance: The board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports

The board sets the direction for assurance services and functions, but the responsibility for overseeing such arrangements is delegated to the audit and risk committee which is charged with supporting the integrity of information for internal decision-making purposes and external reports.

A combined assurance model has been developed and formally implemented across the company to effectively cover the group's significant risks and material matters. The model includes, but is not limited to, the group's established outsourced internal audit functions, the external auditors, the risk management and compliance functions, and regulatory inspectors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time. The company secretary provides assurance on aspects of corporate governance and the JSE sponsor advises on the JSE Listings Requirements.

Safari is satisfied that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.

GOVERNANCE OUTCOME FOUR: TRUST, GOOD REPUTATION AND LEGITIMACY

Principle 16

Stakeholders: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time

The board assumes responsibility for the direction on stakeholder relationships and delegates to manage the responsibility for the implementation and execution thereof. Stakeholders are kept apprised of the company's performance by publication of the interim results and integrated annual reports. Safari has identified its stakeholder groups and is active in balancing their legitimate and reasonable needs, interests and expectations. Refer to page 30 for Safari's stakeholder engagement.

Principle 17

Responsible Investment: The board ensures that responsible investment is practised to promote good governance and the creation of value by the companies in which it invests

Safari is not an institutional investor and this principle is therefore not applicable.

REIT AND REIT TAXATION LEGISLATION



REIT legislation in South Africa came into effect on 1 April 2013. Safari confirms that it continues to hold REIT status recognised by the JSE and meet the qualification requirements as stipulated by the JSE and applicable legislation.



REIT legislation

The following achievements from a REIT point of view are noteworthy:

- ▶ The group currently has gross assets worth approximately R2,9 billion, as reflected in annual financial statements for the period ended 31 March 2018;
- ▶ The group is a property investment fund focusing mainly on retail centres and currently has four regional centres, of which three are located in underdeveloped urban areas in Gauteng, South Africa, and one in Swakopmund, Namibia. Safari furthermore has two community centres in Heidelberg and Atteridgeville and a 20-bed private day hospital in Soweto. The total property portfolio comprises a total of 186 000m² built area;
- ▶ The group is currently deriving 99% 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 750 shareholders as at the financial year ended 31 March 2018;
- ▶ 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 borrowing (loan to value) remained below the 60% requirement in terms of REIT legislation;
- ▶ The audit and risk 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 and risk 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 and risk 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 33 cents per share was approved and will accordingly be paid out in July 2018;

- 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 for the 2018 financial year was R211 606 219 (2017: R124 826 207). The distribution consisted of an interim cash dividend of 35 cents per share in December 2017 and the aforementioned final cash dividend of 33 cents per share declared at the board meeting held on 20 June 2018 which will be paid out during July 2018.

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.

Atlyn



A commercial node dominating one of the larger underdeveloped urban areas in Pretoria

Atlyn is the main retail node of Atteridgeville and is well located on Khoza Street. The centre has a balanced tenant mix with a majority of national retailers. Anchored by a 3 300m² Shoprite, this is a premier destination for the residents of Atteridgeville and surrounding areas.

Trading since	2006
Number of shops	95
Total built area	41 200m ²
Investment value	R527 200 000
Trading density	R31 600/m ² per annum
National tenants	91%
Major tenant	Shoprite
Occupancy levels	98%



Atteridgeville, South Africa (cnr Phudufufu and Khoza Streets)



ANNUAL FINANCIAL STATEMENTS

Notes to the consolidated annual financial statements

The consolidated annual financial statements have been audited by Deloitte & Touche. The financial director, Mr WL Venter CA (SA), 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: 27 June 2018

DIRECTORS' RESPONSIBILITY 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, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act 71 of 2008. The external auditors are engaged to express an independent opinion on the consolidated 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, Financial Pronouncements as issued by the Financial Reporting Standards Council 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 predetermined procedures and constraints.

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

The directors have reviewed the group's cash flow forecast for the year to 31 March 2019 and, in 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 financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 79.

The consolidated annual financial statements, which have been prepared on the going-concern basis, were approved by the board on 20 June 2018 and were signed on its behalf by:



FJJ Marais
Chief executive officer



WL Venter
Executive financial director

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Safari and its subsidiary for the 12 months ended 31 March 2018.

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

Phase 2 of the Platz am Meer development, being the residential apartments, has been completed in the 2018 financial year. The units are currently being marketed by Seeff with whom Safari entered into a mandate agreement during April 2018.

Construction of the Nkomo Village Shopping Centre is in process and the project is set for completion during quarter 4 of 2018. The centre will be anchored by Pick n Pay and Boxer and bringing other national tenants such as McDonalds and Builders Warehouse to the Atteridgeville community for the first time.

Mr WL Venter was appointed by the board as financial director with effect from 1 April 2017. Mr Venter is a qualified chartered accountant and was the property portfolio manager for Safari over the last seven years.

During 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.

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:

- ▶ Southern Palace Capital Proprietary Limited: 66 million ordinary shares at R7,60 per share;
- ▶ Safarihold Proprietary Limited: 657 895 ordinary shares at R7,60 per share;
- ▶ Stanlib Asset Managers: 5 263 158 ordinary shares at R7,60 per share;
- ▶ Bridgefund Asset Managers: 21 052 632 ordinary shares at R7,60 per share; and
- ▶ 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.

At the annual general meeting ("AGM") held on 2 August 2017 all resolutions were passed and Dr JP Snyman and Ms 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 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.

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

- ▶ Mooring facilities in the small boat harbour to the amount of N\$6,2 million; and
- ▶ 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.

The board accepted the resignation of Mr SJ Kruger as an alternate non-executive director with effect from 30 November 2017.

DIRECTORS' REPORT continued

During December 2017 an interim distribution of 35 cents per ordinary share was declared.

The following appointments to the board were made with effect from 1 March 2018:

- ▶ Ms Lulu Letlape as independent non-executive director. Ms Letlape obtained her master's degree from the University of Johannesburg in Public and Development Management. She has extensive experience in corporate communication, community development and stakeholder management in both the parastatal and private sector sphere and worked at senior levels of management for companies such as Telkom, Mercedes-Benz, Sanlam and BHP Billiton;
- ▶ Mr Chris Roberts as independent non-executive director. Mr Roberts is a commercial property developer who has been involved in shopping centre, office and residential developments for the past 30 years and has extensive experience in identifying development opportunities, property finance, leasing and general property management; and
- ▶ Mr Dirk Engelbrecht as executive director. Mr Engelbrecht obtained his BCom LLB from the University of Pretoria and after completing his articles at Weavind & Weavind remained there as professional assistant until 2011 when he joined G4S Secure Solutions as national legal manager. Mr Engelbrecht joined Safari in 2014 as group company secretary and legal advisor. He was appointed as executive director: legal services.

Subsequent events

Notice was received that a cross-default was triggered on the senior facility (Southern Palace Capital Proprietary Limited share subscription transaction) where Safari Investments RSA Limited is the guarantor for the interest and capital portions of the facility provided to Southern Palace Capital Proprietary Limited for the purchase of Safari Investments RSA Limited shares during August 2017 (refer to note 12 of the annual financial statements for more information regarding the transaction). The cross-default arose from Southern Palace Capital Proprietary Limited not settling a facility held by them for the own equity portion of this transaction on time.

This was due to a delay in processes to release funds by a third party which is currently being addressed by Southern Palace Capital Proprietary Limited. The guarantees provided by Safari Investments RSA Limited on the senior facility have not been called on at the time of this report.

At the board meeting held on 20 June 2018 a final cash distribution of 33 cents per share was approved and will be paid to shareholders during July 2018. Refer to page 73 regarding dividends for more information.

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, Financial Pronouncements as issued by the Financial Reporting Standards Council 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 recorded an operating profit, before investment revenue, fair value adjustments and finance costs for the year ended 31 March 2018, of R183 500 000 (2017: R144 561 000). This represents an increase of 27% year on year and is mainly due to the inclusion of Platz am Meer Shopping Centre where rental income was generated for twelve months during the 2018 financial year compared to six months for the 2017 financial year.

The group's revenue increased by 21% to R248 649 000 compared with the previous year's R204 973 000. A weighted average escalation on lease agreements of 8% was achieved for South African assets and a 7% weighted average escalation for the entire property portfolio for the 2018 financial

year. Operating costs as a percentage of revenue was 29% (2017: 30%).

Safari group's gearing (debt to equity) ratio decreased from 57% to 13%, as a direct result of the capital raising which was concluded during July and August 2017 – refer to the section on "Events during the financial period" above for more information regarding the capital raising.

The fair value of the group's investment property increased by 9% to R2 681 628 000. The increase of R224 638 000 resulted from the expansions and additions of R201 802 000 as well as a fair value adjustment of R22 836 000 for the total property portfolio. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's 2% vacancy profile, the 88% national tenants' occupation level, a positive lease expiry profile and 7% average rental escalation achieved through the 2018 financial year. The net asset value per share decreased by 5% to 824 cents for the year, from 870 cents in the prior year.

Stated capital

Details of the stated capital are disclosed in note 11 to the consolidated annual financial statements.

Capital commitments

Refer to note 29 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. The distribution consisted of an interim cash dividend of 35 cents in December 2017 and a final cash dividend of 33 cents per share declared in June 2018 which will be paid out to shareholders during July 2018. To determine distributable earnings per share for the distribution period 1 April 2017 to 31 March 2018 with the final distribution declared for distribution in July 2018, antecedent dividends resulting from the new share issue in July and August 2017 were included in distributable earnings and the weighted number of shares in issue was used to determine the distribution per share.

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 29 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 during September 2017. During the financial year Bester Greyling was the designated audit partner for the Safari group.

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 continues to apply the "distribution per share" and "net asset value per share" measures for future trading statement purposes, as this is considered to be a more appropriate yardstick to measure Safari's performance than "headline earnings per share" and "earnings per share". This measurement was adopted and implemented during the 2016 interim financial report.

DIRECTORS' REPORT continued

Directors

At least one-third of the non-executive directors stand for re-election at the AGM on a rotation basis as stipulated in the company's memorandum of incorporation. No person holds any preferential rights other than normal shareholder rights relating to the appointment of any particular director or number of directors.

The directors in office during the year are as follows:

Name	Designation	Changes
SJ Kruger	Non-executive alternate director	Resigned with effect from 30 November 2017
FN Khanyile	Independent non-executive director	Re-elected 2 August 2017
FJJ Marais	Chief executive officer	
M Minnaar	Independent non-executive director	
K Pashiou	Executive operations director	
JP Snyman	Independent non-executive chairman	Re-elected 2 August 2017
WL Venter	Executive financial director	Appointed 1 April 2017
AE Wentzel	Lead independent non-executive director	
LL Letlape	Independent non-executive director	Appointed 1 March 2018
CR Roberts	Independent non-executive director	Appointed 1 March 2018
DC Engelbrecht	Executive director: legal services	Appointed 1 March 2018

Directors' interest in contracts

Mr FJJ Marais and Mr WL Venter are members of Cosmos Management Close Corporation, Safari's property portfolio and financial managers.

Mr FJJ Marais is also a director and shareholder of Safari Retail Proprietary Limited, which provides marketing services to the company.

Mr K Pashiou 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 29, reported under related parties.

Directors' remuneration and shareholding

The directors refer you to page 44 of the 2018 integrated annual report, where details of the directors' remuneration and shareholding can be found.

Group company secretary

The group company secretary is Mr DC Engelbrecht who was appointed with effect from 1 April 2016.

Business address

342 The Rand Street
Lynnwood
Pretoria 0081

Special resolutions

The following special resolution was passed at the annual general meeting held on 2 August 2017:

- 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 2018, as follows:

Directors' remuneration	2018 R	2017 R
Basic fee per quarter		
Chairman of the board	12 000	10 000
Chief executive officer (CEO)	12 000	10 000
Director	10 000	8 000
Attendance fees		
Board meetings (chairman)	12 000	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)	12 000	10 000
Committee meetings	10 000	6 000
Chairman of sub-committee	12 000	10 000
Chairman of audit and risk committee	350 000	–
Ad hoc work		
Per hour	2 000	1 500

During the 2018 financial year the chairman of the audit and risk committee was paid a fixed fee of R350 000 as authorised at the 2017 AGM. Directors' remuneration will be budgeted at not more than 1,5% of the gross rental income of the company.

- 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 44 and 45 of the Companies Act 71 of 2008.

CERTIFICATE BY GROUP COMPANY SECRETARY

The group secretary hereby certifies in accordance with section 82(2)(e) of the South African Companies Act 71 of 2008 that the group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed company and that all such returns are true, correct and up to date in respect of the financial year reported.



DC Engelbrecht

Legal services director and group company secretary

Pretoria
20 June 2018

AUDIT AND RISK COMMITTEE REPORT

All the members of the committee are financially literate and the board will ensure that any future appointees are financially literate. The members of the audit and risk committee are Mr AE Wentzel CA(SA), the lead independent non-executive director, who chairs this committee; Ms FN Khanyile; and Dr M Minnaar, all of whom are independent non-executive directors.

The committee's report on audit-related matters

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

The committee is responsible for performing the functions required by it in terms of section 94(7) of the Companies Act. These functions include nominating and appointing the group's auditors and ensuring that such auditors are independent of the group, determining the fees to be paid to the auditor and the auditor's terms of engagement, ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation, dealing with any complaints (whether from within or outside the group) relating to accounting practices or the content of the group's financial statements and related matters.

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

During this financial year, this committee conducted four meetings with an average of 88% attendance by the members.

Members	21 April 2017	14 June 2017	3 November 2017	23 February 2018
AE Wentzel	✓	✓	✓	✓
FN Khanyile	✓	X	✓	✓
M Minnaar	✓	✓	✓	✓
JP Snyman	✓	✓	~	~
Attendance	100%	75%	100%	100%

✓ = Attended

X = Absent

~ = Not a member

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 committee has considered the report by the JSE on proactive monitoring of financial statements at its meeting held on 23 February 2018. It has taken the appropriate actions in line with the recommendations made in this report to ensure transparency and quality of information and necessary disclosures to be made in terms of Safari's 2018 financial results.

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 AGM.

Responsibilities of the committee include:

- ▶ adopting and implementing an appropriate financial risk management policy in accordance with industry practice;
- ▶ specifically prohibiting 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 (as referred to in paragraph 13.49(d) of the JSE Listings Requirements) 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) of the JSE Listings Requirements above.

Internal auditor

Safari appointed an internal auditor, Ramuedzisi Advisory Services, as per the recommendation by the audit and risk committee and in line with King IV. The committee satisfied itself through enquiry that the internal auditors are independent as defined by the Companies Act of South Africa and as per the standards stipulated by the auditing profession.

The committee, in consultation with executive management, agreed to the terms of the engagement. The fee for the internal audit has been considered and approved by the board.

The committee satisfied itself of the scope and quality of work performed by the internal auditor.

External auditor

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

The committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit and non-audit services 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. For non-audit services the committee satisfies itself that the service provider is independent with relation to the external audit function. The service provider submits an engagement letter pertaining the scope of work and fee which is considered by the committee and recommended to the board for approval.

Based on written reports submitted and key audit matters addressed as per the auditors report, the committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved. The committee is satisfied that the 2018 audit was completed without any restriction on its scope.

The committee satisfied itself with the appointment of the external auditors as per the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008. Subsequently, the committee recommended the appointment of Deloitte & Touche as external auditor for the 2019 financial year and Mr Bester Greyling as the designated lead auditor. This will be the fourth year of the firm and the second year of the lead auditor as auditors of the company and group.

Financial statements and reports

Following the review of:

- the interim financial statements at 30 September 2017, which were reviewed by the external auditors; and
- the annual financial statements at 31 March 2018; the audit and risk committee recommended board approval of the statements listed above.

Accounting practices and internal control

The company contracts its property, financial management and accounting functions to Safari Retail and Cosmos Management. The audit and risk 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 IV. No significant accounting practices or internal control measurement changes occurred during the year that required the attention of the audit and risk committee.

Financial director assessment

This committee has reviewed the expertise, experience and performance of Safari's financial director, Mr WL Venter, and was 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.

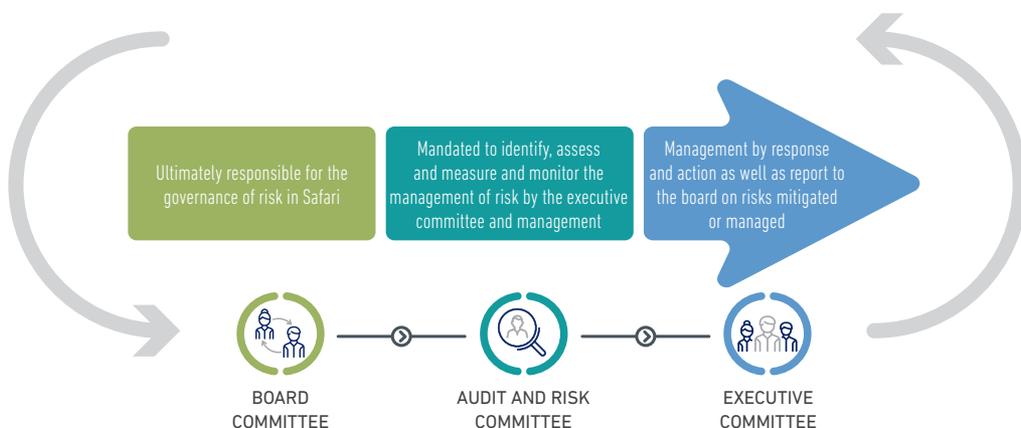
Group company secretary assessment

The committee also reviewed and assessed the group company secretary's competence, qualifications and experience during the year. This committee interviews and assesses Mr DC Engelbrecht on a continual basis 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 was submitted to the board in order to discharge its duties in terms of the JSE Listings Requirements 3.84(h).

AUDIT AND RISK COMMITTEE REPORT continued

The committee's report on risk-related matters

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



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 – in this regard you are referred to the risk management section on page 22.

The audit and risk committee is further charged with the duty to identify, review and effectively monitor any financial risks and for overseeing that the executive committee and senior management have identified and assessed all the significant risks 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 to ensure that Safari has an effective system to manage risks and that effective and efficient risk mitigations are implemented timeously.

The audit and 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 to ensure that the value of the business is protected and to enable business and growth. Safari is committed to continuously improve its risk strategy and management processes 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.

On behalf of the audit and risk committee

AE Wentzel
Chairman: audit and risk committee

Pretoria
20 June 2018

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Safari Investments
RSA Limited

Report on the audit of the financial statements

Opinion

We have audited the consolidated financial statements of Safari Investments RSA Limited and its subsidiary (the group) set out on pages 84 to 125, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2018, and its consolidated performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors ("IRBA Code")* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Valuation of investment property	
<p>The carrying value of investment properties amounted to R2 638 million and the fair value adjustment in net profit for the year in respect of investment properties was R15,2 million. We identified the valuation of investment properties as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the fair value.</p> <p>The group uses independent valuers to determine the fair values for all completed developments and vacant land held annually.</p> <p>The inputs included in the assumptions with the most significant impact on these valuations are disclosed in note 3 (fair value of investment property), and include discount rates and capitalisation rates.</p>	<p>We assessed the competence, capabilities and objectivity of the directors' independent valuers and quantity surveyors, and verified their qualifications.</p> <p>In addition, we discussed the scope of their work with management and reviewed the terms of the engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms.</p> <p>We engaged our own external specialist to assess the methodology, assumptions as well as certain key inputs used by the valuer.</p> <p>Furthermore, we tested a selection of data inputs underpinning the investment property valuation, including rental income, property operating costs, vacancy rates, tenancy schedules, escalation rates and discount rates against the actual balances.</p> <p>We found the valuation model, assumptions and inputs to be appropriate.</p> <p>The disclosures pertaining to the investment property, was found to be appropriate in the consolidated financial statements.</p>

Key audit matter	How the matter was addressed in the audit
Valuation of inventory	
<p>A portion of the Platz am Meer development is held as inventory as this portion of the property will be sold as residential units.</p> <p>Costs are capitalised to the Platz am Meer project as a whole, therefore residential units as well as the investment property, whereafter the costs are split based on the assessment of actual expenditure by a quantity surveyor.</p> <p>As a result of the significant scale in judgement in the apportionment of the cost, the directors used a qualified quantity surveyor to obtain the most accurate costings. It is for this reason that the valuation of inventory has been deemed a key audit matter.</p> <p>The inventory balance with accompanying judgements has been disclosed in notes 1.2 and 8.</p>	<p>We have assessed the judgement applied in determining the percentage split of the Platz am Meer development held as inventory, by inspecting the quantity surveyor certificates and progress reports. The directors' experts were assessed to ensure they have the required knowledge and expertise to carry out their work with due care.</p> <ul style="list-style-type: none"> ▶ We assessed whether the residential units are held at the lower of cost and net realisable value, by comparing the development costs to that of the estimated selling prices per square metre, set out by the director's valuer. ▶ We assessed valuations performed on behalf of Bank Windhoek, for each residential unit, by an independent third party. ▶ We assessed the suggested selling prices, for each residential unit, from a reputable sales agent situated in Namibia. <p>We identified the treatment of the inventory portion of the Platz am Meer development to be appropriate, at the lower of cost and net realisable value, and the disclosure to be appropriate.</p>
Private placement of shares	
<p>The private placement of shares with Southern Palace Capital Proprietary Limited represented a significant transaction, outside the normal course of business, due to the magnitude of the balance in relation to the financial statements.</p> <p>The transaction was structured between Safari Investments, Sanlam Life Insurance Limited and Southern Palace Capital, where Safari gave a capital and interest guarantee to Sanlam Life Insurance Limited on behalf of Southern Palace Capital.</p> <p>Due to the manner in which the transaction was structured, it led to a trigger in IFRS 2 – <i>Share based payments</i> and ultimately an IFRS 2 charge of R49,8 million (refer to note 12).</p> <p>Due to the structure, quantum and significance of this transaction, it has been deemed a key audit matter.</p>	<p>We have obtained the Director's calculation of the IFRS 2 charge, scrutinising it for relevant inputs and assessing the validity thereof.</p> <p>We have obtained the various agreements for this transaction to ensure it is appropriately accounted for and in line with the relevant accounting standards with the assistance of our accounting technical specialists.</p> <p>We made use of our own internal specialists to assess the Directors' valuation of the IFRS 2 charge and the relevant inputs used.</p> <p>The treatment and disclosure of the private placement of shares has been deemed to be in line with the relevant reporting standards.</p>

INDEPENDENT AUDITOR'S REPORT continued

Other information

The directors are responsible for the other information. The other information comprises the directors' report, the audit and risk committee's report and the certificate by the group company secretary as required by the Companies Act of South Africa, as well as the integrated annual report, which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going

concern and using the going concern basis of accounting unless the directors either intend to liquidate the group to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit 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 group's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

- ▶ conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and risk committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and risk committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and risk committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the 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 three years.



Deloitte & Touche

Registered Auditor

Per: B Greyling

Partner

Riverwalk Office Park
41 Matroosberg Road
Ashlea Gardens
Pretoria 0081

27 June 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 March 2018

	Note(s)	2018 R'000	2017 R'000
Assets			
Non-current assets			
Investment property		2 638 538	2 421 550
Fair value of investment property	3	2 681 628	2 456 990
Operating lease asset	6	(43 090)	(35 440)
Loans to shareholders	5	45 166	–
Operating lease asset	6	42 350	33 349
Deferred tax	7	16 908	–
		2 742 962	2 454 899
Current assets			
Inventories	8	169 649	175 003
Loans to shareholders	5	8 149	–
Trade and other receivables	9	15 331	14 139
Operating lease asset	6	740	2 091
Current tax receivable		–	1 638
Cash and cash equivalents	10	2 948	2 931
		196 817	195 802
Total assets		2 939 779	2 650 701
Equity and liabilities			
Equity			
Stated capital	11	2 087 928	1 187 088
Share-based payment reserve	12	49 800	–
Retained income		427 053	476 453
		2 564 781	1 663 541
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	13	335 245	898 433
Deferred tax	7	18 535	23 105
		353 780	921 538
Current liabilities			
Trade and other payables	15	20 655	15 792
Interest-bearing borrowings	13	563	5 576
Bank overdraft	10	–	44 254
		21 218	65 622
Total liabilities		374 998	987 160
Total equity and liabilities		2 939 779	2 650 701

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2018

	Note(s)	2018 R'000	2017 R'000
Revenue	16	248 649	204 973
Property revenue		240 999	203 427
Operating lease		7 650	1 546
Other income	18	5 743	4 477
Operating expenses		(70 892)	(64 889)
Operating profit		183 500	144 561
Investment income	22	3 446	182
Fair value adjustments	19	15 186	74 822
Gross fair value adjustments		22 836	76 368
Operating lease		(7 650)	(1 546)
Finance costs	23	(37 431)	(59 012)
Impairment of inventory	17	(5 035)	–
Share-based payment expense	12	(49 800)	–
Profit before taxation		109 866	160 553
Taxation	24	21 477	(4 627)
Profit for the year		131 343	155 926
Other comprehensive income		–	–
Total comprehensive income for the year		131 343	155 926
Basic earnings per share (cents)	28	57	83
Diluted earnings per share (cents)	28	50	83

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2018

	Stated capital R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance at 1 April 2016	1 116 566	–	439 466	1 556 032
Profit for the year	–	–	155 926	155 926
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	155 926	155 926
Shares issued through capitalisation dividend	5 928	–	–	5 928
Shares issued through capitalisation dividend	13 341	–	–	13 341
Private placement	31 578	–	–	31 578
Private placement	20 000	–	–	20 000
Capital raising fee on shares paid for and issued in the current period	(325)	–	–	(325)
REIT distribution paid	–	–	(118 939)	(118 939)
Total contributions by and distributions to owners of company recognised directly in equity	70 522	–	(118 939)	(48 417)
Balance at 1 April 2017	1 187 088	–	476 453	1 663 541
Profit for the year	–	–	131 343	131 343
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	131 343	131 343
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	(10 613)	–	–	(10 613)
Share-based payment	–	49 800	–	49 800
Total share-based payments for the year	–	49 800	–	49 800
REIT distribution paid	–	–	(180 743)	(180 743)
Total contributions by and distributions to owners of company recognised directly in equity	900 840	49 800	(180 743)	769 897
Balance at 31 March 2018	2 087 928	49 800	427 053	2 564 781
Note(s)	11	12		

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2018

	Note(s)	2018 R'000	2017 R'000
Net cash used in operating activities			
Cash generated from operations	25	179 844	84 313
Investment income		3 445	182
Finance costs		(37 434)	(59 012)
REIT distribution paid		(177 891)	(99 668)
Tax received	26	1 638	–
Net cash used in operating activities		(30 398)	(74 185)
Net cash used in investing activities			
Purchase and development of investment property	3	(201 802)	(292 037)
Net cash used in investing activities		(201 802)	(292 037)
Net cash from financing activities			
Proceeds on share issue	11	897 988	51 254
Proceeds from interest-bearing borrowings		447 970	677 330
Repayment of interest-bearing borrowings		(1 016 171)	(407 083)
Proceeds from bank overdraft		72 900	71 142
Repayment of bank overdraft		(96 357)	(47 685)
Advance on shareholders' loan		(53 316)	–
Net cash from financing activities		253 014	344 958
Total cash movement for the year		20 814	(21 264)
Cash and cash equivalents at the beginning of the year		(17 866)	3 398
Total cash and cash equivalents at the end of the year	10	2 948	(17 866)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2018

Accounting policies

Presentation of financial statements

These 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 Practice 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 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 principle accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1. Significant accounting policies

1.1 Consolidation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the group as at 31 March 2018. 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 included:

Key sources of estimation uncertainty

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.

Fair value of investment property

Refer to note 1.3.

Impairment testing

The recoverable amounts of 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.

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.

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 (25,25%) 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*.

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 to note 7.

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.

Deferred tax assets are not recognised on lease smoothing and income received in advance, as the group is a REIT and any subsequent profits will be distributed to the shareholders and therefore the likelihood of utilising a deferred tax asset is small.

Deferred tax has been provided on the following in accordance with IAS 12 *Income Taxes*:

- ▶ 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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

1. Significant accounting policies continued

1.2 Significant judgements and sources of estimation uncertainty continued

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.

Share-based payments

Monte Carlo option-pricing model was used to determine the share based-payment expense. Refer to note 12 for assumptions used.

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. Information used and assumptions made, has not changed materially from the prior year.

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.

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 rate 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

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

1. Significant accounting policies continued

1.5 Financial instruments continued

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.

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 that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that, 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 an income on a straight-line basis over the lease term.

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

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

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

1.8 Inventories

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

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

1.9 Stated capital and equity

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

Ordinary shares are classified as equity.

Ordinary shares paid for, issued and directed costs associated with the issue of shares 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 determined in terms of 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 apartment sales and leasing services provided in the normal course of business, net of value-added tax.

Cost recoveries are accounted for on a monthly basis, based on property expenses directly incurred.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- ▶ Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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 liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

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

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

1. Significant accounting policies continued

1.14 Segment reporting continued

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

- ▶ Atlyn, Mnandi and Nkomo (Atteridgeville);
- ▶ Denlyn (Mamelodi);
- ▶ Thabong (Sebokeng);
- ▶ The Victorian (Heidelberg); and
- ▶ Platz am Meer (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.

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 29.

1.16 Share-based payments

IFRS 2 charges for goods/services received are measured at their fair value, using the Monte Carlo option-pricing model on the effective date of the transaction. Where the fair value of the good/services cannot be estimated reliably, they are measured at the fair value of the equity instruments granted, based on the counterparty goods or services rendered. Refer to note 12 for assumptions used for the calculation of the share based payment expense for the financial year.

2. New standards and interpretations

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 months 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 assessed the impact of the new standard on the classification and measurement of its financial instruments and concluded that there will not be a significant impact as a result of the new standard.

Reasons for this conclusion:

- ▶ Trade and other receivables consist of VAT receivable and outstanding rental income. VAT receivable will be received in the short term and the payment terms entered into with tenants for rental is that it is payable on the first day of each month for that month. Once it becomes clear that outstanding rental will not be settled and that further legal proceedings will not be feasible (for example where a tenant absconds), the deposit held will be appropriated and the remaining outstanding balance will be written off as bad debt. The nature of trade and other receivables

thus makes no provision for significant balances being outstanding for extended periods of time.

- Loans to shareholders relates to the vendor financing provided to WDB Investment Holdings Limited ("WDBIH"), (refer to note 5). All of the Safari shares held by WDBIH, which includes 7 653 602 shares held prior to the additional 6 578 948 shares taken up in this transaction, are pledged to Safari as security for the vendor financing and interest, which is charged at the prime lending rate + 0,5%, will be covered by future distributions on the Safari shares. There is thus sufficient security in place to conclude that impairment of this asset is not likely.

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.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

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 group assessed the impact of the new standard and concluded that there will not be a significant impact on recognition of amounts as a result of the new standard due to the fact that the contracts impacted by this standard do not form a significant

part of Safari's contracts, being lease agreements that are covered under IFRS 16. There will, however, be an impact on the disclosure in terms of the split in the performance obligation of different components of the lease agreements where rental income will be disclosed in terms of IFRS 16 and other amounts recovered, where applicable, will be disclosed in terms of IFRS 15. Amounts to be disclosed under IFRS 15, however, do not form a significant portion of revenue recognised in terms of the lease agreements.

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 group assessed the impact of the new standard and concluded that there will not be a significant quantitative impact on recognition of amounts as a result of the new standard due to the fact that in terms of lease agreements Safari is mainly in the position of lessor.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

2. New standards and interpretations continued

IFRS 16 Leases continued

Disclosure continued

There may, however, be a qualitative impact on the new standard as it can be expected that lessees, being the retail tenants in Safari's case, will take the impact of the new standard on their financial results into consideration when negotiating terms and conditions for new contracts and renewals with Safari. The only instance where Safari is a lessee is where monthly rental is paid for partial office space and computer equipment. The impact of this has been considered and we concluded that there will be no significant impact as a result of this new standard.

3. Fair value of investment property

	2018		2017	
	Cost/ valuation R'000	Carrying value R'000	Cost/ valuation R'000	Carrying value R'000
Investment property	2 638 538	2 638 538	2 421 550	2 421 550

Reconciliation of fair value of investment property – 2018

	Opening balance R'000	Additions R'000	Operating lease straight- lining asset R'000	Fair value adjustments R'000	Total R'000
Investment property	2 421 550	201 802	(7 650)	22 836	2 638 538

Reconciliation of fair value of investment property – 2017

	Opening balance R'000	Additions R'000	Operating lease straight- lining asset R'000	Fair value adjustments R'000	Total R'000
Investment property	2 054 691	292 037	(1 546)	76 368	2 421 550

3. Fair value of investment property continued

Details of property

	2018 R'000	2017 R'000
Sebokeng		
Erf 103 measuring 9 643m ²		
Erf 104 measuring 9 643m ²		
Erf 105 measuring 10 000m ²		
Erf 106 measuring 9 643m ²		
Erf 74995 measuring 51 061m ²		
Erven 86 and 95 measuring 2 751m ²		
Sebokeng Unit 10 Ext 1: Retail shopping centre		
– Purchase price: Land	7 739	7 739
– Purchase price: Buildings	1 637	1 637
– Additions since purchase or valuation	407 956	387 284
– Fair value adjustments	80 268	92 240
	497 600	488 900
Mamelodi		
Erf 19265 Mamelodi measuring 4 849m ²		
Erf 40827 Mamelodi Ext 13 measuring 75 539m ²		
Erf 40827 is a consolidated property made up of previous erven measuring 35 380m ² , 40 327m ² and 40 326m ² (portion 1)		
Mamelodi Ext 1: Retail shopping centre		
– Purchase price: Land	18 525	18 525
– Purchase price: Buildings	173 985	173 985
– Additions since purchase or valuation	246 914	247 780
– Fair value adjustments	349 376	253 510
	788 800	693 800
Atteridgeville		
Erf 16248 Atteridgeville Ext 25 measuring 64 926m ²		
Erf 16248 is a consolidated property made up of Erven 15232, 15233 and 15234, Atteridgeville Ext 25: Retail shopping centre		
– Purchase price: Land	11 379	11 379
– Purchase price: Buildings	194 735	194 735
– Additions since purchase or valuation	130 215	127 170
– Fair value adjustments	190 871	151 116
	527 200	484 400

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

3. Fair value of investment property continued

Details of property continued

	2018 R'000	2017 R'000
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	12 562	12 562
– Additions since purchase or valuation	124 989	26 786
– Fair value adjustments	50 928	46 900
	188 479	86 248
Atteridgeville		
Remainder of Portion 294, Farm Pretoria Town and Townlands 351, Maunde Street		
Atteridgeville Ext 45, Stands 16249 and 16250, measuring 26 141m ² : Retail shopping centre		
– Purchase price: Land	4 000	4 000
– Additions since purchase or valuation	140 176	139 011
– Fair value adjustments	(36 876)	(39 511)
	107 300	103 500
Heidelberg		
Portion 1 and Portion 3 of Erf 3523 measuring 34 000m ² Ext 19, Heidelberg Township: Retail shopping centre		
– Acquisition through business combination	132 414	132 414
– Additions to business combination	2 388	2 388
– Additions since purchase or valuation	20 968	18 693
– Fair value adjustments	10 430	1 105
	166 200	154 600
Soweto		
Stand 14475 Protea Glen Ext 6, Johannesburg, Gauteng: Day hospital		
– Additions since purchase or valuation	27 591	27 591
– Fair value adjustments	7 915	6 309
	35 506	33 900

3. Fair value of investment property continued

Details of property continued

	2018 R'000	2017 R'000
Lynnwood		
Stands 582 to 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	40 795
– Additions since purchase or valuation	154	49
– Fair value adjustments	(1 549)	(1 644)
	39 400	39 200
Subsidiary property		
Swakopmund, Namibia		
Erf 14 measuring 1 636m ²		
Erf 15 measuring 1 529m ²		
Erf 16 measuring 1 866m ²		
Erf 67 measuring 1 910m ²		
Erf 68 measuring 3 469m ²		
Erf 69 measuring 522m ²		
Erf 71 measuring 20 239m ² (Being 70% of total square metres of 29 041) Swakopmund, Erongo Region, Registration division G:		
– Purchase price: Land	16 000	16 000
– Additions since purchase	656 578	579 696
– Transferred to inventory	(174 684)	(175 003)
– Fair value adjustments	(166 752)	(48 251)
	331 142	372 442

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

3. Fair value of investment property continued

Details of property continued

Certain investment property is held as security for mortgage bonds and the bank facility. The value of encumbered property is as follows:

- ▶ First continuing covering mortgage bond for R182 000 000 over Erf 16248 Atteridgeville Extension 25;
- ▶ Second continuing covering mortgage bond for R34 600 000 over Erf 16248 Atteridgeville Extension 25;
- ▶ First continuing covering mortgage bond for R100 000 000 over Portion 3 of Erf 3523 Heidelberg Extension 19;
- ▶ First continuing covering mortgage bond for R482 000 000 over Erf 19265 Mamelodi, Erf 40827 Mamelodi Extension 13 and Erven 103 105 106 and Erf 74995 Sebokeng, Unit 10, Extension 1;
- ▶ Second continuing covering mortgage bond for R77 200 000 over Erf 19265 Mamelodi, Erf 40827 Mamelodi Extension 13 and Erven 103 105 106 and Erf 74995 Sebokeng;
- ▶ First continuing covering mortgage bond for R70 000 000 over Erf 16251 Atteridgeville;
- ▶ First continuing covering mortgage bond for R18 200 000 over Erf 14475 Protea Glen Extension 6;
- ▶ Cession in security by the borrower in respect of leases and rentals in respect of the properties referred to above; and
- ▶ First covering mortgage bond for N\$100 million over Erf 14 to 16, 68 to 90 and 71 Swakopmund.

Safari bound itself as surety and co-principal debtor for the overdraft facility at Bank Windhoek for Safari Investments Namibia Proprietary Limited. The overdraft was settled in full during December 2017.

Direct operating costs (including repairs and maintenance), relating to the investment property that generated rental income during the period, of R58 555 583 (2017: R53 539 241) 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 R6 770 001 (2017: R8 510 873) are included in profit or loss.

3. Fair value of investment property continued

Details of valuation

The effective date of the revaluations was 31 March 2018. Revaluations 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 R2 441 606 190 (2017: R2 319 400 000) was based on the discounted cash flow method.

Please refer to pages 102 and 103 for detailed disclosure of property.

The valuation of investment property (Erven 9043, 9044, 9045 Atteridgeville Ext 5 and Erf 68 of the subsidiary's property and the Lynnwood property), totalling R239 869 622 (2017: R137 589 936) 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).

These assumptions are based on current market conditions. In estimating 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.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a 'fair value hierarchy'. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- ▶ Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- ▶ Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- ▶ Level 3 inputs are unobservable inputs for the asset or liability.

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

If the valuer were to increase both the capitalisation and discount rates by 0,50%, the total valuation would decrease by R122 600 000. If the valuer were to decrease both the capitalisation and discount rates by 0,50%, the total valuation would increase by R137 300 000.

If the valuer were to increase the long-term vacancy provision by 1,00%, the total valuation would decrease by R20 400 000. If the valuer were to decrease the long-term vacancy provision by 1,00% the total valuation would increase by R20 300 000.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

3. Fair value of investment property continued**Details of valuation** continued

Description	Fair value at 31 March 2018 R'000	Fair value at 31 March 2017 R'000	Valuation techniques	Unobservable inputs
Erf 16248, Atteridgeville Ext 25	527 200	484 400	Discounted cash flow	Capitalisation rate
Erf 19265 and Erf 40827, Mamelodi Ext 13	788 800	693 800	Discounted cash flow	Capitalisation rate
Erf 103, Erf 104, Erf 105, Erf 106 and Erf 74995, Sebokeng Unit 10 Ext 1	497 600	488 900	Discounted cash flow	Capitalisation rate
Portion 1 and Portion 3 of Erf 3523, Heidelberg Ext 19	166 200	154 600	Discounted cash flow	Capitalisation rate
Erf 9043, Erf 9044 and Erf 9045, Atteridgeville Ext 5	188 479	86 248	Direct comparable method	Price per m ² plus capital spent
Remainder of Portion 294, Farm Pretoria Town and Townlands, Maunde Street, Atteridgeville Ext 45	107 300	103 500	Discounted cash flow	Capitalisation rate
Erf 14, Erf 15, Erf 16, Erf 69, Erf 70 and Erf 71, Swakopmund	319 000	360 300	Discounted cash flow	Capitalisation rate
Erf 68, Swakopmund	12 142	12 142	Direct comparable method	Price per m ²
Lynnwood	39 400	39 200	Direct comparable method	Price per m ²
Soweto	35 506	33 900	Discounted cash flow	Capitalisation rate
	2 681 628	2 456 990		

	Erf 16248, Atteridgeville Ext 25 R'000	Erf 19265 and Erf 40827, Mamelodi Ext 13 R'000	Erf 103, Erf 104, Erf 105, Erf 106 and Erf 74995, Sebokeng Unit 10 Ext 1 R'000	Portion 1 and Portion 3 of Erf 3523, Heidelberg Ext 19 R'000
Fair value adjustment opening balance	151 116	253 510	92 240	1 105
Fair value adjustment in 2018	39 755	95 866	(11 972)	9 325
Fair value adjustment closing balance	190 871	349 376	80 268	10 430

Discount rate/ price per m ² 2018	Discount rate/ price per m ² 2017	Capitalisation rate 2018	Capitalisation rate 2017	Relationship of unobservable inputs to fair value
14,25%	14,25%	8,25%	8,25%	The lower the cap. rate the higher the value
14,25%	14,25%	8,25%	8,25%	The lower the cap. rate the higher the value
14,25%	14,25%	8,25%	8,25%	The lower the cap. rate the higher the value
14,25%	14,50%	8,25%	8,50%	The lower the cap. rate the higher the value
R784/m ²	R740/m ²	N/A	N/A	The higher the rate/m ² the higher the value
14,25%	14,25%	8,25%	8,25%	The lower the cap. rate the higher the value
13,00%	14,00%	8,00%	8,00%	The lower the cap. rate the higher the value
R3 500/m ²	R3 500/m ²	N/A	N/A	The higher the rate/m ² the higher the value
R4 362/m ²	R3 341/m ²	N/A	N/A	The higher the rate/m ² the higher the value
14,50%	15,00%	9,00%	9,00%	The lower the cap. rate the higher the value

Erf 14, Erf 15, Erf 16, Erf 69, Erf 70 and Erf 71, Swakopmund R'000	Erf 9043, Erf 9044 and Erf 9045, Atteridgeville Ext 5 R'000	Remainder of Portion 294, Farm Pretoria Town and Townlands, Maunde Street, Atteridgeville Ext 45 R'000	Stand 14475, Protea Glen Extension 6, Johannesburg, Gauteng R'000	Lynnwood R'000	Total R'000
(48 251)	46 900	(39 511)	6 309	(1 644)	461 774
(118 501)	4 028	2 635	1 605	95	22 836
(166 752)	50 928	(36 876)	7 914	(1 549)	484 610

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

4. Intangible assets

	2018			2017		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Website	34	(34)	–	34	(34)	–

Reconciliation of intangible assets – 2017

	Opening balance R'000	Amortisation R'000	Total R'000
Website	14	(14)	–

5. Loans to shareholders

	2018 R'000	2017 R'000
WDB Investment Holdings Limited	53 316	–
	53 316	–

In terms of the Women's Development Bank Investment Holdings Limited Subscription, Women's Development Bank Investment Holdings subscribed for 6 578 948 Safari Investments RSA Limited shares at a price of R7,60 for a total subscription price of R50 000 005.

Financial assistance was provided to Women's Development Bank Investment Holdings by way of a vendor loan from Safari Investments RSA Limited to Women's Development Bank Investment Holdings. The salient terms of the shareholder loan are:

- ▶ Seven-year loan, which outstanding amount thereafter to be settled by way of a cash payment or refinancing of the loan;
- ▶ The loan will be repaid by instalments equal to a minimum of 80% of the full dividend declared on Women's Development Bank Investment Holdings's total shareholding in Safari Investments RSA Limited;
- ▶ Interest rate of prime plus 0,5%;
- ▶ Women's Development Bank Investment Holdings provided Safari Investments RSA Limited with 13 923 314 Safari Investments RSA Limited shares as security against the vendor loan by way of a pledge agreement;
- ▶ Women's Development Bank Investment Holdings shall not be entitled to sell any shares in Safari Investments RSA Limited until such time as the vendor loan is repaid in full; and
- ▶ Women's Development Bank Investment Holdings may find alternative finance for the vendor loan after 36 months and settle the full outstanding amount to Safari Investments RSA Limited. Safari Investments RSA Limited will have the option to meet any refinancing terms.

5. Loans to shareholders continued

	2018 R'000	2017 R'000
Non-current assets	45 166	–
Current assets	8 150	–
	53 316	–

6. Operating lease asset

	2018 R'000	2017 R'000
Non-current assets	42 350	33 349
Current assets	740	2 091
	43 090	35 440

Movement can be reconciled as follows:

Balance at the beginning of the year	35 440	33 894
Movement during the year	7 650	1 546
	43 090	35 440

The future minimum lease payments receivable under non-cancellable leases are as follows:

Future minimum lease payments receivable:

– no later than one year	239 079	180 302
– later than one year but not later than five years	543 789	426 715
– later than five years	214 684	240 500
	997 552	847 517

The average lease terms are for 3 to 10 years and the average effective escalation rate is from 7% to 10% per annum.

7. Deferred tax

	2018 R'000	2017 R'000
Deferred tax asset	16 908	–
Deferred tax liability	(18 535)	(23 105)
The balances comprise		
Income received in advance	372	1 547
Operating lease asset	(1 430)	(8 466)
Investment property	(569)	(16 186)
Total net deferred tax liability	(1 627)	(23 105)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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7. Deferred tax continued

	2018 R'000	2017 R'000
Deferred tax is no longer calculated on the straight-line rental income accrual or on the operating lease asset, as the rental accrual will form part of the group's distribution in the future. Given the conversion to a REIT, such distributions are fully deductible for tax purposes and hence no tax liability will arise on straight-line rental income accruals or operating lease assets. Safari Investments Namibia Proprietary Limited will however still incur deferred tax on the above as this subsidiary company is not a REIT.		
Reconciliation of deferred tax asset/(liability)		
At the beginning of the year	(23 105)	(18 478)
Originating and reversing temporary differences on income received in advance	(1 176)	726
Originating and reversing temporary differences on operating lease asset	7 036	(433)
Originating and reversing temporary differences on capital allowances for investment property	15 618	(4 920)
	(1 627)	(23 105)

8. Inventories

	2018 R'000	2017 R'000
Transferred from investment property	174 684	175 003
Impairment	(5 035)	–
Luxury upmarket apartments	169 649	175 003

As part of the Platz am Meer mixed-used development, Safari Investments Namibia Proprietary Limited developed 36 luxury seafront apartments and offices together with a shopping centre. The entire development will be incorporated into a sectional title scheme with 39 units consisting of 36 apartments, one office unit and two commercial units, which is trading as the Platz am Meer Shopping Centre.

In this regard, 36 close corporations and one additional private company were incorporated in which these units will vest. A proportionate allocation of the development cost of the land was transferred to these close corporations and private company and the intention will be to allocate the development cost of the properties to the close corporations and private company on completion of the development when the sectional title scheme registration occurs. The person/s acquiring the apartments or office units will then acquire the membership or shares in the close corporation or private company respectively. Currently, Safari Investments Namibia Proprietary Limited holds 100% of the shares in the private company known as Platz am Meer Property One Proprietary Limited and through its nominee Mr DC Engelbrecht, the group company secretary, the membership in all 36 close corporations.

Refer to note 31 for the effect of the change in estimate.

9. Trade and other receivables

	2018 R'000	2017 R'000
Trade receivables	9 887	1 828
Municipal deposits	70	68
Value added tax	4 657	11 821
Other receivables	717	308
Prepaid expenses	–	114
	15 331	14 139

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 due nor impaired can be assessed by reference to historical information about counterparty default rates.

Fair value of trade and other receivables

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

Trade and other receivables past due but not impaired

Trade and other receivables which are less than one month past due are not considered to be impaired unless the debtor has a history of non-payment. At 31 March 2018, R958 503 (2017: R151 172) was past due but not impaired. Rental is due by the first day of the month and rental is paid in advance for the month. Interest is levied on outstanding accounts, based on individual contract basis.

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

	2018 R'000	2017 R'000
60 days	810	111
90 days and over	148	40
	958	151

Trade and other receivables impaired

As of 31 March 2018, trade and other receivables of R177 717 (2017: R313 506) were impaired.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

10. Cash and cash equivalents

	2018 R'000	2017 R'000
Cash and cash equivalents consist of:		
Bank balances	1 299	2 209
Short-term deposits	989	47
Listing funds' bank account*	660	675
Bank overdraft used in operations	–	(20 797)
	2 948	(17 886)
Bank overdraft used in financing activities	–	(23 457)
	2 948	(41 323)
Current assets	2 948	2 931
Current liabilities	–	(44 254)
	2 948	(41 323)

* 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.

Safari bound itself as surety and co-principal debtor for the overdraft facility at Bank Windhoek for Safari Investments Namibia Proprietary Limited. The overdraft was settled in full during December 2017.

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

11. Stated capital

	2018 R'000	2017 R'000
Authorised		
2 000 000 000 no par value ordinary shares	–	–
Reconciliation of number of shares issued:		
Reported at the beginning of the year	191 257	182 182
Private placement	20 000	3 947
Private placement	99 553	2 632
Capitalisation dividend (2017: at R7,60 per share)	–	1 755
Capitalisation dividend (at R7,60 per share) (2017: at R8,00 per share)	375	741
	311 185	191 257

11. Stated capital continued

2018: Safari raised in total R2 852 561 (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 Investments RSA Limited entered into a subscription agreement with SA Corporate Real Estate Limited whereby the company has issued 20 million ordinary shares at R7,60 per share to SA Corporate Real Estate Limited 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 Investments RSA Limited entered into the following subscription agreements, raising a total of R757 million:

- ▶ Southern Palace Capital Proprietary Limited: 66 million ordinary shares at R7,60 per share;
- ▶ Safaribold Proprietary Limited: 657 895 ordinary shares at R7,60 per share;
- ▶ Stanlib Asset Managers: 5 263 158 ordinary shares at R7,60 per share;
- ▶ Bridgefund Asset Managers: 21 052 632 ordinary shares at R7,60 per share; and
- ▶ Women's Development Bank Investment Holdings Limited: 6 578 948 ordinary shares at R7,60 per share.

Safari Investments RSA Limited 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 Women's Development Bank Investment Holdings Limited by way of vendor financing (refer to note 5).

2017: Capitalisation dividend of R0,32 per share was declared resulting in 740 964 (at R8,00 per share) and 1 755 416 (at R7,60 per share) additional shares listed due to capitalisation option elected.

3 947 368 (at R8,00 per share) and 2 631 579 (at R7,60 per share) shares were issued for cash under Safari's general authority by shareholders during July 2016 and November 2016 respectively through a private placement process.

	2018 R'000	2017 R'000
Issued		
311 185 613 (2017: 191 257 646) no par value ordinary shares	2 087 928	1 187 088
	2 087 928	1 187 088

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

12. Share-based payment reserve

	2018 R'000	2017 R'000
Share-based payment expense	49 800	–
	49 800	–

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

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.

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 facility 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 Investments RSA Limited 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 closing spot price of R6,80 per Safari share as at 28 August 2017;
- ▶ Volatility of 31,94% (based on historical trends in the Safari share price); and
- ▶ Three-year term guarantee.

Consequently, equity was increased due to the share-based payment transaction taking place.

13. Interest-bearing borrowings

	2018 R'000	2017 R'000
Held at amortised cost	335 808	904 009
Facility – Absa Bank Limited		
Secured loan accruing interest at the prime bank overdraft rate less 1,05% (prime: 10,00% (2017: 10,50%) at year-end.		
Secured by certain investment property as per note 3.		
Total facility: R900 000 000 of which R650 000 000 is available. R250 000 000 is an Absa guarantee relating to Southern Palace Capital Proprietary Limited.		
Cash received during the 2018 financial year from the interest-bearing borrowings: R447 970 171 (2017: R677 330 116).		
Cash repayment during the 2018 financial year on the interest-bearing borrowings: R1 016 170 874 (2017: R407 084 22).		
Non-current liabilities		
At amortised cost	335 245	898 433
Current liabilities		
At amortised cost	563	5 576
	335 808	904 009

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 has no capital repayment obligation in the 2019 financial year.

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14. Financial liabilities by category

	Financial liabilities at amortised cost R'000	Total R'000
2018		
Interest-bearing borrowings	335 808	335 808
Trade and other payables	13 758	13 758
	349 566	349 566
2017		
Interest-bearing borrowings	904 009	904 009
Trade and other payables	10 266	10 266
	914 275	914 275

15. Trade and other payables

	2018 R'000	2017 R'000
Trade payables	3 897	2 521
Income received in advance	6 898	5 526
Tenants' deposits received	9 860	7 745
	20 655	15 792

Fair value of trade and other payables

Trade and other payables are paid within 30 days. Trade payables will be paid within 12 months. The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature thereof.

16. Revenue

	2018 R'000	2017 R'000
Rental income	227 906	194 518
Straight-line lease income adjustment	7 650	1 546
Cost recovered	13 093	8 909
	248 649	204 973

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 R6 206 441 (2017: R5 420 533).

17. Impairment of inventory

	2018 R'000	2017 R'000
Writedown of apartments to net realisable value	5 035	–

18. Other operating income

	2018 R'000	2017 R'000
Recovery bank charges, contract fees and signage	860	703
Insurance claims received	132	2 572
Other income	4 751	1 202
	5 743	4 477

19. Fair value adjustment

	2018 R'000	2017 R'000
Fair value gains		
Investment property	22 836	76 368
Operating lease straight-lining asset	(7 650)	(1 546)
	15 186	74 822

20. Employee costs

Employee benefits expense is made up of the following for all employees, including executive directors:

	2018 R'000	2017 R'000
Employee costs		
Basic	5 328	2 822

Refer to note 30 for detail regarding directors' emoluments.

21. Depreciation, amortisation and impairment losses

The following items are included within depreciation, amortisation and impairment losses:

	2018 R'000	2017 R'000
Amortisation		
Website	–	14

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

22. Investment income

	2018 R'000	2017 R'000
Interest income		
From investments in financial assets:		
Bank	151	109
Shareholders' loans	3 254	–
Interest charged on trade and other receivables	40	73
Total interest income	3 445	182

23. Finance costs

	2018 R'000	2017 R'000
Borrowings	37 431	59 012

The prime lending rate decreased by 0,50% year-on-year (2018: 10,00%/2017: 10,50%). Finance costs relates directly to the utilisation of the Absa facility. The group capitalised R11 942 080 against current projects during the financial year. The above figure is shown as net of capitalised interest on current capital projects.

24. Taxation

	2018 R'000	2017 R'000
Major components of the tax expense		
Deferred		
Originating and reversing temporary differences on income received in advance	1 176	(726)
Originating and reversing temporary differences on capital allowances on investment property	(15 617)	4 920
Originating and reversing temporary differences on operating lease asset	(7 036)	433
	(21 477)	4 627
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate.		
Applicable tax rate (%)	28,00	28,00
Non-taxable fair value adjustment (%)	(5,82)	(13,05)
Permanent differences – section 25BB (%)	(48,95)	(12,07)
Non-deductable IFRS 2 charge (%)	12,69	–
Deferred tax – change in judgement (%)	(5,47)	–
	(19,55%)	2,88%

25. Cash generated from operations

	2018 R'000	2017 R'000
Profit before taxation	109 866	160 553
Adjustments for:		
Amortisation	–	14
IFRS 2 Share-based payment reserve expense	49 800	–
Investment income	(3 445)	(182)
Finance costs	37 431	59 012
Fair value adjustments	(15 186)	(74 822)
Movements in operating lease assets	(7 650)	(1 546)
Changes in working capital:		
Inventories	322	(78 098)
Trade and other receivables	(1 192)	14 686
Trade and other payables	4 863	4 696
Impairment on inventory	5 035	–
	179 844	84 313

26. Tax refunded

	2018 R'000	2017 R'000
Balance at the beginning of the year	(1 638)	1 638
Balance at the end of the year	–	(1 638)
	1 638	–

27. REIT distribution paid

	2018 R'000	2017 R'000
Prior year final distribution (34 cents per share) (2017: 32 cents per share)	(68 975)	(52 370)
Capitalisation of distribution (R7,60 per share) (2017: R8,00 per share)	(2 853)	(5 928)
Interim distribution (35 cents per share) (2017: 32 cents per share)	(108 915)	(47 300)
Capitalisation of distribution (R0 per share) (2017: R7,60 per share)	–	(13 341)
Total distribution	(180 743)	(118 939)

To determine distributable earnings per share for the distribution period 1 April 2017 to 31 March 2018 with the final distribution for this distribution period declared for distribution in July 2018, antecedent dividends resulting from new share issues in July 2017 and August 2017 were included in distributable earnings and the weighted average number of shares in issue was used to determine the distribution per share.

R177 890 822 (2017: R99 668 459) was paid in cash to shareholders, the remaining balance of R2 852 561 (2017: R19 270 596) was settled by means of a capitalisation dividend.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

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28. Earnings per share

	2018 R'000	2017 R'000
Earnings used in the calculation of basic earnings per share (profit after tax)	131 343	155 926
Ordinary shares in issue at year-end	251 975	191 257
Weighted average number of ordinary shares	230 253	186 837
Headline earnings	108 507	79 558
Diluted weighted average number of shares	265 293	186 837
Basic earnings per share (cents)	57	83
Diluted earnings per share (cents)	50	83
Basic headline earnings per share (cents)	47	43
Diluted headline earnings per share (cents)	41	43
Headline earnings reconciliation		
Profit after tax	131 343	155 926
Gains and losses from the adjustment to the fair value of non-current assets	(22 836)	(76 368)
	108 507	79 558

29. Related parties**Relationships**

Subsidiaries	Safari Investments Namibia Proprietary Limited (100%-owned) Refer to note 8 for details of structure in Luxury apartments
Common directorship/trusteeship/membership	Safari Retail Proprietary Limited Safari Developments Pretoria Proprietary Limited Safari Developments Swakopmund Proprietary Limited Matla Quantity Surveyors Proprietary Limited Pace Construction Proprietary Limited WDB Investment Holdings
Close corporations controlled by common director	Cosmos Management CC MDM Architects CC Fanus Kruger Consulting CC

29. Related parties continued

Related party transactions

	2018 R'000	2017 R'000
Services rendered by/purchases from related parties		
Safari Developments Pretoria Proprietary Limited	104 551	81 971
Safari Developments Swakopmund Proprietary Limited	66 042	252 471
Safari Retail Proprietary Limited	1 332	2 753
Pace Construction Proprietary Limited	–	3 617
Matla Quantity Surveyors Proprietary Limited	–	66
Fanus Kruger Consulting CC	80	80
Safari Hold Proprietary Limited	465	–
Close corporations controlled by common director		
Cosmos Management CC	6 854	6 446
MDM Architects CC	429	114
Compensation to directors and other key management		
Short-term employee benefits	5 328	2 716

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 as director from 1 March 2015
- ▶ K Pashiou (25%)
- ▶ JC Verwayen (25%)
- ▶ SJ Kruger (25%)

Common membership and shareholding

Cosmos Management CC

- ▶ FJJ Marais (55%)
- ▶ WL Venter (20%)

Services provided by material related parties

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 2018 financial period, Cosmos Management CC's revenue comprises the following:

83% (2017: 87%) of revenue received was for property facility management and bookkeeping services, while the remaining 17% (2017: 13%) of its revenue was earned from various other bookkeeping clients.

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for the year ended 31 March 2018

29. Related parties continued**Related party transactions** continued**Safari Retail Proprietary Limited**

The total revenue for Safari Retail Proprietary Limited ("Retail") for the financial year ended 31 March 2018 derived from Safari Investments RSA Limited ("Safari" or "the company") amounted to R1 400 636 (2017: R2 753 317). This was 20% (2017: 24%) of Retail's total revenue. Retail was contracted to render marketing and letting services to the company for its existing centres. 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 Hold Proprietary Limited

The current premises is leased from Safari Hold Proprietary Limited with no fixed-term contract.

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 2018:

Project	Contract value R'000	Maximum exposure to losses* R'000	Contractor	Type of agreement	Progress at 31 March 2018 %
Swakopmund	650 906	9 782	Safari Developments Swakopmund Proprietary Limited	Turnkey development	99
Nkomo Village	345 105	225 379	Safari Developments Pretoria Proprietary Limited	Turnkey development	35
	996 011	235 161			

* 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 Investments 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.

30. Directors' emoluments

	Directors' fees R'000	Committee fees R'000	Consulting fees R'000	Total R'000
Executive				
2018				
FJJ Marais	120	156	754	1 030
JZ Engelbrecht	60	–	–	60
K Pashiou	90	130	111	331
WL Venter*	1 173	–	–	1 173
DC Engelbrecht*	110	–	–	110
	1 553	286	865	2 704
2017				
FJJ Marais	100	110	600	810
JZ Engelbrecht	720	–	72	792
K Pashiou	68	66	116	250
	888	176	788	1 852
Non-executive				
2018				
AE Wentzel	–	350	–	350
CR Roberts	13	–	–	13
F Kruger	46	–	–	46
FN Khanyile	100	40	–	140
JP Snyman	120	126	27	273
LL Letlape	13	–	–	13
M Minnaar	100	130	4	234
	392	646	31	1 069
2017				
AE Wentzel	–	300	–	300
FN Khanyile	68	30	–	98
JC Verwayen	32	6	–	38
JP Snyman	100	120	–	220
M Minnaar	68	90	–	158
SJ Kruger	50	–	–	50
	318	546	–	864

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

* Remuneration is a fixed annual salary plus performance bonus in terms of employment agreement. Remuneration is shown from date of appointment as director.

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31. Change in estimate

Inventory

In the current year the group finalised the construction on the apartments in Namibia. In the previous year the group accounted for inventory at 30% of the total construction cost, based on the quantity surveyor's estimate. This was his best estimate, taking available information into account. After final accounts were settled, the actual cost to construct the apartments was calculated to be 25,25% of the total construction cost for the Platz am Meer development. As the net realisable value of inventory is lower than the cost and the fair value of the centre is lower than the cost, there was no effect on the statement of financial position. There will be no effect in the future on the statement of profit or loss and other comprehensive income. The effect of this revision on the statement of profit or loss is illustrated below:

	2018	
	New estimate R'000	Previous estimate R'000
Statement of profit or loss		
Impairment on inventory	(5 035)	(37 580)
Fair value of investment property	15 267	47 803
	10 223	10 223

32. Risk management

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 13 and 14, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position amounting to R2 897 639 534 (2017: R2 608 873 006).

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

The company's strategy is to maintain a gearing ratio of below 40%, except in high-growth periods.

32. Risk management continued

Capital risk management continued

The gearing ratio at 2018 and 2017 respectively was as follows:

	2018 R'000	2017 R'000
Total borrowings		
Interest-bearing borrowings (note 13)	335 808	904 009
Less: Cash and cash equivalents (note 10)	2 948	(41 323)
Net debt	332 860	945 332
Total equity	2 564 781	1 663 542
Total capital	2 897 641	2 608 874
Gearing ratio	13	57

Financial risk management

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

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

The exchange rate is: 1 South African Rand = 1 Namibian Dollar.

Liquidity risk

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

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

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

32. Risk management continued

Liquidity risk continued

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 one year R'000	Between one and two years R'000	Between two and five years R'000
As at 31 March 2018	–	–	–
Trade and other payables	13 758	–	–
Interest-bearing borrowings	563	–	335 245
	14 321	–	335 245
As at 31 March 2017	–	–	–
Trade and other payables	10 266	–	–
Interest-bearing borrowings	5 576	–	898 433
	15 842	–	898 433

Interest rate risk

The group's interest rate risk arises from long-term bank borrowings at variable interest rates (therefore cash flow 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 cash flow rate risk.

At 31 March 2018, if interest rates on Rand-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been R5 185 133 (2017: R7 827 623) lower, 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.

32. Risk management continued

Credit risk continued

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

	2018 R'000	2017 R'000
Financial instrument		
Trade and other receivables	9 887	1 828
Cash and cash equivalents	2 948	2 931
	12 835	4 759

33. Subsequent events

Notice was received that a cross-default was triggered on the senior facility (Southern Palace Capital Proprietary Limited share subscription transaction) where Safari Investments RSA Limited is the guarantor for the interest and capital portions of the facility provided to Southern Palace Capital Proprietary Limited for the purchase of Safari Investments RSA Limited shares during August 2017 (refer to note 12 of the annual financial statements for more information regarding the transaction). The cross-default arose from Southern Palace Capital Proprietary Limited not settling a facility held by them for the own equity portion of this transaction on time. This was due to a delay in processes to release funds by a third party which is currently being addressed by Southern Palace Capital Proprietary Limited. The guarantees provided by Safari Investments RSA Limited on the senior facility have not been called on at the time of this report.

At the board meeting held on 20 June 2018 a final cash distribution of 33 cents per share was declared and will be paid to shareholders during July 2018. Refer to page 73 regarding dividends for more information.

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

34. Net asset value per share

	2018 R'000	2017 R'000
Total assets	2 939 779	2 650 701
Total liabilities	(374 998)	(987 160)
	2 564 781	1 663 541
Ordinary shares in issue (note 11)	311 186	191 257
Net asset value per share (cents)	824	870
Tangible net asset value (cents)	824	870

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2018

35. Segment report

The group classifies the following main segments, which is consistent with the way the group reports internally: Atteridgeville; Mamelodi; Sebokeng; Heidelberg and Namibia.

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

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Namibia R'000	Reconcil- iation R'000	Total R'000
31 March 2018							
Turnover (external)	67 367	72 519	51 290	20 726	32 346	–	248 649
Reportable segment profit before investment revenue, fair value adjustments and finance costs	54 291	61 481	33 035	15 278	24 418	–	–
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	5 003	5 003
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	183 500
Segment assets and liabilities							
Segment assets	827 073	781 742	495 768	169 361	510 146	–	2 784 089
Unallocated assets	–	–	–	–	–	155 689	155 689
Total assets	827 073	781 742	495 768	169 361	510 146	155 689	2 939 779
Segment liabilities	6 969	3 703	3 761	509	2 695	–	17 637
Unallocated liabilities	–	–	–	–	–	21 552	21 552
Interest-bearing borrowings	–	–	–	–	–	335 808	335 808
Total liabilities	6 969	3 703	3 761	509	2 695	357 360	374 998
Other segment items							
Interest revenue (external)	15	10	15	–	–	–	39
Unallocated interest revenue	–	–	–	–	–	3 406	3 406
Investment revenue	15	10	15	–	–	3 406	3 445
Fair value adjustments	46 418	95 866	(11 972)	9 325	(118 501)	1 700	22 836
Interest expense	–	–	–	–	2 953	–	2 953
Unallocated interest expense	–	–	–	–	–	34 480	34 480
Finance costs	–	–	–	–	2 953	34 480	37 434

35. Segment report continued

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Namibia R'000	Reconcil- iation R'000	Total R'000
31 March 2017							
Turnover (external)	58 404	61 364	47 874	17 048	15 918	4 365	204 973
Reportable segment profit before investment revenue, fair value adjustments and finance costs	45 412	50 979	33 102	11 437	10 228	–	151 158
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(6 597)	(6 597)
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	144 561
Segment assets and liabilities							
Segment assets	674 639	694 485	490 212	154 688	560 745	–	2 574 769
Unallocated assets	–	–	–	–	–	75 932	75 932
Total assets	674 639	694 485	490 212	154 688	560 745	75 932	2 650 701
Segment liabilities	3 873	3 366	3 684	671	26 994	–	38 588
Unallocated liabilities	–	–	–	–	–	44 563	44 563
Interest-bearing borrowings	–	–	–	–	–	904 009	904 009
Total liabilities	3 873	3 366	3 684	671	26 994	948 572	987 160
Other segment items							
Interest revenue (external)	21	30	21	3	–	–	75
Unallocated interest revenue	–	–	–	–	–	107	107
Investment revenue	21	30	21	3	–	107	182
Fair value adjustments	63 886	86 681	66 148	3 345	(137 805)	(5 887)	76 368
Interest expense	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	–	59 012	59 012
Finance costs	–	–	–	–	–	59 012	59 012

ANALYSIS OF ORDINARY SHAREHOLDERS

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	162	21,12	45 245	0,01
1 001 – 10 000	296	38,59	1 112 213	0,36
10 001 – 100 000	136	17,73	4 440 867	1,43
100 001 – 1 000 000	125	16,30	47 239 315	15,18
Over 1 000 000	48	6,26	258 347 976	83,02
Total	767	100,00	311 185 616	100,00

Distribution of shareholders

Close corporations	19	2,48	4 289 611	1,38
Collective investment schemes	22	2,87	86 847 103	27,91
Control accounts	2	0,26	55	0,00
Foundations and charitable funds	3	0,39	60 330	0,02
Investment partnerships	1	0,13	2 500	0,00
Organs of state	1	0,13	4 147 857	1,33
Private companies	37	4,82	112 756 301	36,23
Public companies	1	0,13	20 000 000	6,43
Retail shareholders	535	69,75	11 853 039	3,81
Retirement benefit funds	4	0,52	5 813 929	1,87
Stockbrokers and nominees	2	0,26	31	0,00
Trusts	140	18,25	65 414 860	21,02
Total	767	100,00	311 185 616	100,00

Shareholder type

Non-public shareholders	20	2,61	88 022 440	28,29
Directors and associates	19	2,48	22 022 440	7,08
Holders >10% (Southern Palace Capital Proprietary Limited)	1	0,13	66 000 000	21,21
Public shareholders	747	97,39	223 163 176	71,71
Total	767	100,00	311 185 616	100,00



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

	Number of shares	% of issued capital
● Bridge Fund Managers	59 225 759	20,54
● Stanlib Asset Management	29 768 392	10,33
Total	88 994 151	30,87



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

	Number of shares	% of issued capital
● Southern Palace Capital Proprietary Limited	66 000 000	22,89
● Nedbank Group	31 691 288	10,99
● Stanlib	26 983 424	9,36
● SA Corporate Real Estate Fund	20 000 000	6,94
● Bridge Fund Managers	18 765 759	6,51
● WDB Investment Holdings	14 232 550	4,94
Total	177 673 021	61,63

Share price performance



767

TOTAL NUMBER OF SHAREHOLDERS



311 185 616

TOTAL NUMBER OF SHARES IN ISSUE



R6,00

OPENING PRICE 1 APRIL 2017



R6,75

CLOSING PRICE 31 MARCH 2018



22,05

PRICE/EARNINGS RATIO AS AT 31 MARCH 2018



10%

DIVIDEND YIELD AS AT 31 MARCH 2018 (Based on 12 months VWAP)



R2 100 502 908

MARKET CAPITALISATION AS AT 31 MARCH 2018

PROPERTY PORTFOLIO

Name	Location	Property type	Region
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
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsvorite Streets)	Retail	Erongo
Private day hospital			
Soweto		Healthcare	Gauteng
Stands for development			
Sebokeng	Erf 95 and 86 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	Apartments	Namibia
Total			

The average annualised property yield for the income-generating property portfolio based on market values as at 31 March 2018 is 7,3% for the 2018 financial year. Included in revenue is gross rent, solar income and turnover rent for all income-generating properties and all property expenses have been deducted. The weighted forward yield for the portfolio is 8,2%.

Market value as attributed by independent valuer R'000	Gross lettable area/m ²	Vacancy %	Weighted average rental/m ²	Zoning	Freehold/ leasehold	Approximate age of building years
527 200	31 210	2	135,9	Special – various	Freehold	10
107 300	8 715	0	119,1	Special – various	Freehold	2
788 800	34 344	1	178,3	Special – various	Freehold	13
495 597	34 403	1	134,5	Special – various	Freehold	9
166 200	11 676	2	131,6	Special – various	Freehold	18
331 142	22 598	5	117,7	Special – various	Freehold	2
35 506	1 379	0	161,4	Special – various	Freehold	1,5
2 003		n/a	n/a	Special – various	Freehold	
39 400		n/a	n/a	Special – various	Freehold	
188 479		n/a	n/a	Special – various	Freehold	
169 649		n/a	n/a	Special – various		
2 851 276	144 325					

Thabong



Joyful gathering place in the heart of this community

Thabong is located in Sebokeng and is currently fully let with a balanced tenant mix and strong anchor retailers, SPAR, Pick n Pay and Boxer. The focus at Thabong is on maintaining and continuously attracting the right tenant mix for the market, thereby establishing Thabong as an area regional shopping centre and the preferred shopping node in Sebokeng.

Trading since	2007
Number of shops	104
Total built area	43 100m ²
Investment value	R497 600 000
Trading density	R27 100/m ² per annum
National tenants	88%
Major tenants	Superspar and Pick n Pay
Occupancy levels	99%



Sebokeng, South Africa (Moshoeshoe Street)



SHAREHOLDERS' INFORMATION



NOTICE OF ANNUAL GENERAL MEETING



Safari Investments RSA Limited

(Registration number 2000/015002/06)

(Share code: SAR | ISIN: ZAE000188280)

("the company" or "Safari")

Notice is hereby given that the annual general meeting of shareholders of Safari ("AGM") will be held at 14:00 on Tuesday, 31 July 2018, at Menlyn Boutique Hotel, 209 Tugela Road, Ashlea Gardens, 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 2018 was dispatched to shareholders on Wednesday, 27 June 2018.

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, 22 June 2018; and

- ▶ 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, 20 July 2018, with the last day to trade being Tuesday, 17 July 2018.

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 and risk committee and the independent external auditors, for the year ended 31 March 2018, 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 84 to 125 of the company's 2018 integrated annual report. The company's 2018 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 and risk committee report is set out on page 76 of the company's 2018 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 2018, is included in the 2018 integrated annual report on page 56 and 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 11 (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 12 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 Number 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 Number 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 and 2 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 page 41 of the 2018 integrated annual report.

2. Confirmation of appointment of directors

Ordinary Resolution Number 3

"Resolved that Mr CR Roberts's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed."

Ordinary Resolution Number 4

"Resolved that Mr DC Engelbrecht's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed."

Ordinary Resolution Number 5

"Resolved that Ms LL Letlape's appointment as director, in terms of the memorandum of incorporation of the company, be and is hereby confirmed."

Summary *curriculum vitae* of Mr CR Roberts, Mr DC Engelbrecht and Ms LL Letlape can be viewed on page 41 of the 2018 integrated annual report.

3. Reappointment of independent external auditor

Ordinary Resolution Number 6

"Resolved that Deloitte & Touche be and is hereby reappointed as the auditor of the company for the ensuing year, on the recommendation of the company's audit and risk committee."

Shareholders are hereby advised that the board of Safari or its audit and risk 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 best value proposition that meets Safari's requirements in terms of good corporate governance, sustainability and the empowerment codes. The reason for ordinary resolution number 6 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the annual general meeting of the company as required by the Companies Act.

4. Reappointment of audit and risk committee members

To elect, by separate resolutions, an audit and risk committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act, and appointed in terms of

NOTICE OF ANNUAL GENERAL MEETING continued

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 IV Report on Governance for South Africa 2016, 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 and risk committee members standing for re-election and has found them suitable for appointment. Brief résumés of these directors appear on page 41 of the 2018 integrated annual report.

Ordinary Resolution Number 7

"Resolved that Ms FN Khanyile, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next AGM of the company."

Ordinary Resolution Number 8

"Resolved that Dr M Minnaar, being eligible, be and is hereby reappointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next AGM of the company."

Ordinary Resolution Number 9

"Resolved that Mr AE Wentzel, being eligible, be and is hereby reappointed as a member and chairman of the audit and risk 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 7 to 9 (inclusive) is that the company, being a public listed company, must appoint an audit and risk committee and the Companies Act requires that the members of such audit and risk committee be appointed, or reappointed, as the case may be, at each AGM of the company.

5. Place the unissued ordinary shares under the control of the directors

Ordinary Resolution Number 10

"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 84% 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 10 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.

6. Non-binding advisory vote on the company's remuneration policy and implementation report

Ordinary Resolution Number 11

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in Annexure A to this notice of AGM."

The reason for ordinary resolution number 11 is that King IV recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders.

Ordinary Resolution Number 12

"Resolved that the company's implementation report with regard to its remuneration policy, as set out in Annexure B of this notice of AGM, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number 12 is that King IV recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each annual general meeting

of the company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 12, if passed, will be to endorse the company's implementation report in relation to its remuneration policy. Ordinary resolution number 12 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy and its implementation.

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

Ordinary Resolution Number 13

"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;
- ▶ 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; and

- ▶ 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 46 677 842 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 12 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 12 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:

NOTICE OF ANNUAL GENERAL MEETING continued

8. Approval of non-executive directors' remuneration

Special Resolution Number 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 2018 to 31 March 2020:

	Proposal
Board retainer fee (quarterly)	
Chairman and CEO	R37 500
Member	R25 000
Board meeting attendance	
Chairman and CEO	R37 500
Members	R25 000
Committee meetings attendance	
Chairman and CEO	R15 000
Members	R13 500
Ad hoc/hour	
Non-salaried members	R2 500
Ad hoc/full working day	
Non-salaried members	R12 000
Travel allowance/full day	
All members	R6 000

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.

9. Intercompany financial assistance

Intercompany financial assistance

Special Resolution Number 2

"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 2 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.

Financial assistance for the subscription and/or purchase of shares in the company or a related or interrelated company

Special Resolution Number 3

"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 3 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 2 and 3 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.

10. 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 shareholder

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 should be lodged with the transfer secretaries of the company, being Computershare Investor Services at Rosebank Towers, 15 Biermann Avenue, Rosebank 2169, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, South Africa, to be received by them not later than Friday, 27 July 2018, at Computershare Investor Services provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the chairman of the AGM prior to the commencement

NOTICE OF ANNUAL GENERAL MEETING continued

of the AGM, at any time before the appointed proxy exercises any shareholder rights at 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 on page 137. The application must be received by the transfer secretaries at least seven business days prior to the AGM (thus Monday, 30 July 2018) 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 09:00 and 11:00 on Tuesday, 31 July 2018 via email 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 Tuesday, 31 July 2018 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; and
- ▶ 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 instrument 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
20 June 2018

Registered office
342 The Rand Street, Lynnwood, Pretoria 0081

ANNEXURE A: REMUNERATION POLICY

Introduction and philosophy

The remuneration policy is one of the key components of the HR strategy, both of which fully support the overall business strategy. The main function of the remuneration policy is, therefore, to support the HR strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees. In this document 'company/group' refers to Safari Investments RSA Limited ("Safari") and all its subsidiaries.

The remuneration policy deals with neither implementation matters, nor the details of the individual remuneration components. Instead, it establishes the philosophy and general guidelines, as well as sets priorities for the remuneration components of the HR strategy.

The company's remuneration philosophy is to recruit and retain employees who believe in, and live by, our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can contribute positively to the strategy, vision, goals and values of the group.

Safari is an externally managed REIT and as a result has no employees currently employed by Safari other than the board of directors. The remuneration and nomination committee reviews and assesses board members' remuneration annually and makes a formal recommendation to the board for implementation subject to shareholder approval at the annual general meeting. All board members except for the financial director and the company secretary receive board fees as per aforementioned approval. The financial director and company secretary receive a basic salary and may be awarded a performance bonus dependent on company and individual performance for the previous financial year and accounted for on a cash-paid basis in the following financial year.

Key principles

The principles behind the remuneration policy designed to ensure attraction and retention of high-quality staff are as follows:

- ▶ Competitive remuneration packages that are realistic within similar industries and markets within which the company operates;

- ▶ Reward high-performing employees for the contribution made in the company;
- ▶ Each employee conducts themselves in line with the code of conduct of the company;
- ▶ Key performance indicators ("KPIs") are based on economic, social and environmental targets;
- ▶ Manage the total cost to company for every employee (guaranteed salary);
- ▶ Incentive packages to reward both company performance and individual/team/project performance;
- ▶ Reference to external sources on comparative remuneration levels within the industry;
- ▶ The remuneration policy is reviewed regularly to ensure that Safari keeps pace with the continually changing market;
- ▶ Attention to and consideration for all employees' requirements; and
- ▶ Ensure that all stakeholders understand the remuneration policy.

Governance

Board responsibility

The board carries ultimate responsibility for remuneration policy. The remuneration and nomination committee operates in accordance with a board-approved mandate. The board may, when required, refer matters for shareholder approval for example, new and amended non-executive board and committee fees. During the year, the board accepted the recommendations made by the committee. In terms of the recommendations set out in the King IV report on governance, remuneration policy will be submitted to shareholders for a non-binding vote.

The remuneration and nomination committee

An independent non-executive director chairs the meeting. Full details of attendance are set out in our integrated annual report.

The committee:

- ▶ reviews the remuneration philosophy and policy;
- ▶ reviews the recommendations of management on fee proposals for the chairman and non-executive directors and determines, in conjunction with the board, the final proposals to be submitted to shareholders for approval;
- ▶ determines all the remuneration parameters for the chief executive and executive directors; and

- agrees the principles for senior management increases and cash incentives.

The chief executive and financial director attend meetings by invitation. Other members of executive management can be invited when appropriate. No individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed.

To determine the remuneration of executive and non-executive directors and certain senior executives, the committee reviews relevant market and peer data and considers performance reviews. To retain flexibility and ensure fairness when directing human capital to those areas of the company requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions.

Composition

Remuneration structure

The integrated remuneration structure is made up of three components:

- **Total cost to company (“TCTC”)**
incorporating basic pay, car allowance, provident fund, medical aid, leave and various other allowances (where applicable);
- **Short-term incentive bonuses (performance-based)**
dependent on company and individual performances for the previous financial year and accounted for on a cash-paid basis in the following financial year; and
- **Long-term incentives (equity-based)**
involving share schemes and offered to senior executives and future leaders identified by the executive team of the company and bonuses form a material portion of their total remuneration. Consideration is given to rewarding certain senior key staff with long-term sustainable incentives.

Executive directors' contracts

Notice periods for directors range from 60 to 180 days, dependent on strategic considerations. Certain executives who have shares in Safari or subsidiaries have restraint of trade (non-compete) agreements for varying periods, depending on the individual circumstances.

Non-executive remuneration

The remuneration of non-executive directors is based on proposals from the remuneration and nomination committee, which are submitted to the board for approval. Non-executive directors sign service contracts with the company upon appointment.

The term of office of non-executive directors is governed by the memorandum of incorporation (“MOI”), which provides that directors who have served for three years will retire by rotation, but may, if eligible, offer themselves for re-election for a further three-year term.

Fee structure

The remuneration of non-executive directors who serve on the board and its committees is reviewed by the committee annually. Remuneration is compared with that of selected peer companies on an annual basis and recommendations are then submitted to the board for approval.

Non-executive remuneration is determined and paid quarterly based on an annual fee. Any additional time spent on company business is paid at a fixed hourly rate. Fees are approved annually on this basis at the annual general meeting and apply with effect from 1 April of that financial year.

Expenses

Any travel and accommodation expenses of directors are reimbursed and paid by Safari.

Mandate and authority

The management of the company as well as the remuneration and nomination committee shall take into account the remuneration policy, and any other relevant documents such as the remuneration committee’s terms of reference, when considering matters before it.

The remuneration and nomination committee has full discretion in determining appropriate remuneration policies and practices for the company, including but not limited to, annual remuneration increases, performance bonuses and share incentives for the company.

The remuneration and nomination committee shall, as deemed necessary, report significant deviations from the principles set forth in the remuneration policy, to the board.

ANNEXURE B: IMPLEMENTATION REPORT

Safari complied with its remuneration policy in all respects for the year ended 31 March 2018. All components of remuneration paid to Safari's executive and non-executive directors in accordance with Safari's remuneration policy are comprehensively disclosed and reported on herein.

Safari is an externally managed REIT which means that the management function of Safari is outsourced to Cosmos Management. Please refer to page 13 of the 2018 integrated annual report for more detail. As a result of the outsource management function Safari has no employees currently employed by Safari other than the board of directors. The remuneration and nomination committee reviews and assesses board members' remuneration annually and makes a formal recommendation to the board for implementation subject to shareholder approval at the annual general meeting. All board members except for the financial director and the company secretary receive board fees as per aforementioned approval. The financial director and company secretary receive a basic salary and may be awarded a performance bonus dependent on company and individual performance for the previous financial year and accounted for on a cash-paid basis in the following financial year.

Directors' remuneration

The directors' remuneration paid during the 2018 financial year was approved by way of an ordinary resolution passed by shareholders at the 2017 annual general meeting. For a detailed breakdown of fees paid please refer to note 30 on page 119 of the 2018 integrated annual report.

The remuneration policy was also approved by way of a non-binding advisory resolutions passed at the 2017 annual general meeting of shareholders. The reason for the non-binding advisory vote by shareholders is that the King IV Report on Corporate Governance for South Africa, 2016 ("King IV") recommends, and the JSE Listings Requirements require, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each annual general meeting of the company. This enables shareholders to express their views on the remuneration policy adopted.

The effect of the ordinary resolution is to endorse the company's remuneration policy and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

The board of Safari has implemented the aforementioned directors' remuneration and remuneration policy as approved by shareholders.

Other remuneration

The financial director, company secretary and other full-time employed executive directors earn a base salary which is guaranteed annual pay on a cost-to-company basis. It is subject to annual review and adjustments are effective 1 April of each year, coinciding with the commencement of Safari's financial year.

Base salary increases are determined with reference to the South African inflation rate and other generally accepted benchmarks, always with due regard for market-comparable remuneration.

The full-time employed salaried directors will be eligible for a performance bonus dependent on company and individual performance.

Please refer to note 30 on page 119 of the 2018 integrated annual report for a detailed breakdown on directors' remuneration paid during the prior financial year.

Benchmarking

Benchmarking is performed with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market related.

For this purpose, 21st Century was consulted to provide the remuneration and nomination committee with a benchmarking report containing comprehensive independent market research on the remuneration of executive directors.

FORM OF PROXY



Safari Investments RSA Limited

(Registration number 2000/015002/06)
 (Share code: SAR | ISIN: ZAE000188280)
 ("the company" or "Safari")

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 ("certificated 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 Menlyn Boutique Hotel, 209 Tugela Road, Ashlea Gardens, Pretoria, on Tuesday, 31 July 2018 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 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/her,

the 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/she thinks fit.

Resolutions	In favour of	Against	Abstain
Ordinary resolutions			
<i>Retirement and re-election and confirmation of appointment of directors</i>			
1. Mr AE Wentzel			
2. Dr M Minnaar			
<i>Confirmation of appointment of new directors</i>			
3. Appointment of Mr CR Roberts			
4. Appointment of Mr DC Engelbrecht			
5. Appointment of Ms LL Letlape			

FORM OF PROXY continued

Resolutions	In favour of	Against	Abstain
Ordinary resolutions continued			
<i>Reappointment of independent external auditors</i>			
6. Reappointment of independent external auditors: Deloitte & Touche			
<i>Reappointment of audit and risk committee members</i>			
7. Ms FN Khanyile			
8. Dr M Minnaar			
9. Mr AE Wentzel (<i>chairman</i>)			
<i>Place unissued ordinary shares under board control</i>			
10. Place the unissued ordinary shares under the control of the directors			
<i>Remuneration policy and implementation report</i>			
11. Non-binding advisory vote on the company's remuneration policy and advisory report			
12. Implementation Report on the Remuneration Policy			
<i>General authority to issue shares for cash</i>			
13. General authority to issue authorised but unissued ordinary shares for cash			
Special resolutions			
<i>Non-executive remuneration</i>			
1. Approval of non-executive directors' remuneration			
<i>Financial assistance in terms of section 45</i>			
2. Approval to provide financial assistance in terms of section 45 of the Companies Act 71 of 2008: Inter-company financial assistance			
<i>Financial assistance in terms of section 44</i>			
3. 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 _____ 2018

Signature _____

Assisted by (if applicable) _____

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 subregister 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 initialled 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 emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited (PO Box 61051, Marshalltown 2107, Fax number: 011 688 5238, email: 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 foregoing, a shareholder may revoke the proxy appointment by:

- ▶ 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 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 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 foregoing 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

342 The Rand Street, Lynnwood, Pretoria 0081
 Tel: +27 (0) 12 365 1889
 Fax: +27 (0) 86 272 1313
 Email: info@safari-investments.com
 Website: www.safari-investments.com

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

342 The Rand Street, Lynnwood, Pretoria
 Postal: 420 Friesland Lane, Lynnwood
 Pretoria 0081

Corporate adviser

Fanus Kruger Consulting Proprietary Limited

(Registration number 2015/324537/07)
 67 Brink Street, Rustenburg 0299

Board of directors

Dr JP Snyman (*Independent non-executive chairman*)
 FJJ Marais (*Chief executive officer*)
 WL Venter (*Executive financial director*)
 K Pashiou (*Executive: operations director*)
 DC Engelbrecht (*Executive: legal services director and group company secretary*)
 FN Khanyile (*Independent non-executive director*)
 LL Letlape (*Independent non-executive director*)
 Dr M Minnaar (*Independent non-executive director*)
 CR Roberts (*Independent non-executive director*)
 AE Wentzel (*Lead independent non-executive director*)

Independent valuer

Mills Fitchet (Tvl) CC

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

Legal advisers

Weavind & Weavind Incorporated

Block E, Glenfield Office Park
 361 Oberon Street, Faerie Glen
 Pretoria 0081
 Tel: +27 (0) 12 346 3098

Sponsor

PSG Capital Proprietary Limited

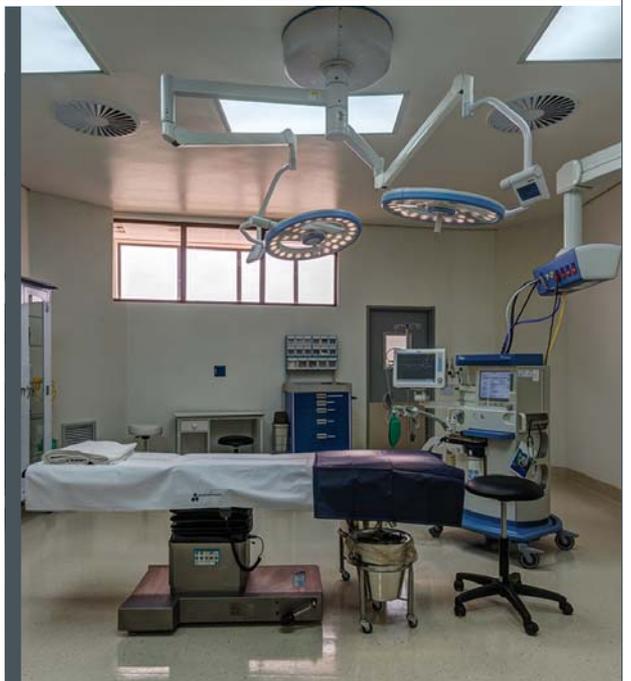
(Registration number 1951/002280/06)
 1st Floor, Ou Kollege Building
 35 Kerk Street, Stellenbosch 7599
 PO Box 7403, Stellenbosch 7599

Transfer secretaries

Computershare Investor Services Proprietary Limited

(Registration number 2004/003647)
 Rosebank Towers, 15 Biermann Avenue
 Rosebank 2196
 PO Box 61051, Marshalltown 2107

Soweto Day Hospital



Soweto, South Africa (R558, Protea Glen)



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:

Talana Smith

Investor relations officer

Tel: +27 (0) 12 365 1889

Email: talana@safari-retail.com

Or alternatively

Francois Marais

Chief executive officer

Safari Investments RSA Limited

Tel: +27 (0) 12 365 1889

Email: fm@safari-investments.com