

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

The abridged consolidated financial statements for the year ended 31 March 2018 and notice of annual general meeting

The preparation of the abridged consolidated financial results for the year ended 31 March 2018 was prepared under the supervision of the financial director, WL Venter (CA (SA)).

#### 2018 Performance Overview

- Income producing properties: 7
- 2% vacancy rate
- R142/m2 monthly weighted average gross rental/m2 for retail sector
- R161/m2 monthly weighted average base rental/m2 for health care sector
- R75/m2 monthly weighted average base rental/m2 for living sector
- R151/m2 monthly weighted average base rental/m2 for office sector
- 91% retail sector; 1% health care sector & 8% residential sector; <1% office sector
- 88% (GLA) national tenants
- 186 017m2 total built m2 of property portfolio
- R2,81 billion property portfolio value.

Property portfolio  
 for the year ended 31 March 2018

Name	Location	Property type
Shopping centres		
Atteridgeville	Cnr Khoza and Mankopane Streets, Atteridgeville	Retail
Atteridgeville	Maunde Street, Atteridgeville	Retail
Mamelodi	Cnr Stormvoël and Maphalla Roads, Mamelodi	Retail
Sebokeng	Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng	Retail
Heidelberg	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	Retail
Private day hospital		
Soweto		Healthcare
Stands for development		
Sebokeng	Erf 95 and 86 Moshoeshoe Street, Sebokeng	
Lynnwood	Cnr Lynnwood Road and Roderick - Sussex and Roderick, Lynnwood	

Property in process of development

Atteridgeville

Cnr Lengau, Thlou, Lepogo and Church Streets

Swakopmund

Albatros Street, Swakopmund, Namibia Apartments

Name	Region	Market value as attributed by independent valuer R' 000	Gross lettable area/m2	Vacancy %
Shopping centres				
Atteridgeville	Gauteng	527 200	31 210	2
Atteridgeville	Gauteng	107 300	8 715	0
Mamelodi	Gauteng	788 800	34 344	1
Sebokeng	Gauteng	495 597	34 403	1
Heidelberg	Gauteng	166 200	11 676	2
Swakopmund	Erongo	331 142	22 598	5
Private day hospital				
Soweto	Gauteng	35 506	1 379	0
Stands for development				
Sebokeng	Gauteng	2 003		n/a
Lynnwood	Gauteng	39 400		n/a
Property in process of development				
Atteridgeville	Gauteng	188 479		n/a
Swakopmund	Namibia	169 649		n/a
Total		2 851 276	144 325	

Name	Weighted average rental/m2	Zoning	Freehold/ leasehold	Approximate age of building years
Shopping centres				
Atteridgeville	135,9	Special - various	Freehold	10
Atteridgeville	119,1	Special - various	Freehold	2
Mamelodi	178,3	Special - various	Freehold	13
Sebokeng	134,5	Special - various	Freehold	9
Heidelberg	131,6	Special -	Freehold	18

		various		
Swakopmund	117,7	Special - various	Freehold	2
Private day hospital				
Soweto	161,4	Special - various	Freehold	1,5
Stands for development				
Sebokeng	n/a	Special - various	Freehold	n/a
Lynnwood	n/a	Special - various	Freehold	n/a
Property in process of development				
Atteridgeville	n/a	Special - various	Freehold	n/a
Swakopmund	n/a	Special - various		

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

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.

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.

#### Financial results and activities

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.

#### 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 - the details of which were released on SENS on 26 June 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 current capital commitments. 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 7.D.11 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.

#### Abridged consolidated statement of financial position as at 31 March 2018

	2018 R'000	2017 R'000
Assets		
Non-current assets		
Investment property	2 638 538	2 421 550
Fair value of investment property	2 681 628	2 456 990
Operating lease asset	(43 090)	(35 440)

Loans to shareholders	45 166	-
Operating lease asset	42 350	33 349
Deferred tax	16 908	-
	2 742 962	2 454 899
Current assets		
Inventories	169 649	175 003
Loans to shareholders	8 149	-
Trade and other receivables	15 331	14 139
Operating lease asset	740	2 091
Current tax receivable	-	1 638
Cash and cash equivalents	2 948	2 931
	196 817	195 802
Total assets	2 939 779	2 650 701
Equity and liabilities		
Equity		
Stated capital	2 087 928	1 187 088
Share-based payment reserve	49 800	-
Retained income	427 053	476 453
	2 564 781	1 663 541
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	335 245	898 433
Deferred tax	18 535	23 105
	353 780	921 538
Current liabilities		
Trade and other payables	20 655	15 792
Interest-bearing borrowings	563	5 576
Bank overdraft	-	44 254
	21 218	65 622
Total liabilities	374 998	987 160
Total equity and liabilities	2 939 779	2 650 701

Abridged consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2018

	2018	2017
	R'000	R'000
Revenue	248 649	204 973
Property revenue	240 999	203 427
Operating lease	7 650	1 546
Other income	5 743	4 477
Operating expenses	(70 892)	(64 889)
Operating profit	183 500	144 561
Investment income	3 446	182
Fair value adjustments	15 186	74 822
Gross fair value adjustments	22 836	76 368
Operating lease	(7 650)	(1 546)

Finance costs	(37 431)	(59 012)
Impairment of inventory	(5 035)	-
Share-based payment expense	(49 800)	-
Profit before taxation	109 866	160 553
Taxation	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)	57	83
Diluted earnings per share (cents)	50	83

Abridged 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

Abridged consolidated statement of cash flows for the year ended 31 March 2018

	2018 R' 000	2017 R' 000
Net cash used in operating activities		
Cash generated from operations	179 844	84 313
Investment income	3 445	182
Finance costs	(37 434)	(59 012)
Reit distribution paid	(177 891)	(99 668)
Tax received	1 638	-
Net cash used in operating activities	(30 398)	(74 185)
Net cash used in investing activities		
Purchase and development of investment property	(201 802)	(292 037)
Net cash used in investing activities	(201 802)	(292 037)
Net cash from financing activities		
Proceeds on share issue	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	2 948	(17 866)

#### Segmental reporting

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

- Atteridgeville
- Mamelodi
- Sebokeng
- Heidelberg
- Namibia

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

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000
31 March 2018			
Turnover (external)	67 367	72 519	51 290
Reportable segment profit before investment revenue, fair value adjustments and finance costs	54 291	61 481	33 035
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	-	-	-
Segment assets and liabilities			
Segment assets	827 073	781 742	495 768
Unallocated assets	-	-	-
Total assets	827 073	781 742	495 768
Segment liabilities	6 969	3 703	3 761
Unallocated liabilities	-	-	-
Interest-bearing borrowings	-	-	-
Total liabilities	6 969	3 703	3 761
Other segment items			
Interest revenue (external)	15	10	15
Unallocated interest revenue	-	-	-
Investment revenue	15	10	15
Fair value adjustments	46 418	95 866	(11 972)
Interest expense	-	-	-
Unallocated interest expense	-	-	-
Finance costs	-	-	-

	Heidelberg R' 000	Namibia R' 000	Reconcil- iation R' 000	Total R' 000
31 March 2018				
Turnover (external)	20 726	32 346	-	248 649
Reportable segment profit before investment revenue, fair value adjustments and finance costs	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	169 361	510 146	-	2 784 089
Unallocated assets	-	-	155 689	155 689
Total assets	169 361	510 146	155 689	2 939 779
Segment liabilities	509	2 695	-	17 637
Unallocated liabilities	-	-	21 552	21 552
Interest-bearing borrowings	-	-	335 808	335 808
Total liabilities	509	2 695	357 360	374 998
Other segment items				
Interest revenue (external)	-	-	-	39
Unallocated interest revenue	-	-	3 406	3 406
Investment revenue	-	-	3 406	3 445
Fair value adjustments	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

	Atteridge- ville R' 000	Mamelodi R' 000	Sebokeng R' 000
31 March 2017			
Turnover (external)	58 404	61 364	47 874
Reportable segment profit before investment revenue, fair value	45 412	50 979	33 102

adjustments and finance costs				
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Segment assets and liabilities				
Segment assets	674 639	694 485	490 212	
Unallocated assets	-	-	-	-
Total assets	674 639	694 485	490 212	
Segment liabilities	3 873	3 366	3 684	
Unallocated liabilities	-	-	-	-
Interest-bearing borrowings	-	-	-	-
Total liabilities	3 873	3 366	3 684	
Other segment items				
Interest revenue (external)	21	30	21	
Unallocated interest revenue	-	-	-	-
Investment revenue	21	30	21	
Fair value adjustments	63 886	86 681	66 148	
Interest expense	-	-	-	-
Unallocated interest expense	-	-	-	-
Finance costs	-	-	-	-

	Heidelberg R' 000	Namibia R' 000	Recon- ciliation R' 000	Total R' 000
31 March 2017				
Turnover (external)	17 048	15 918	4 365	204 973
Reportable segment profit before investment revenue, fair value adjustments and finance costs	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,	-	-	-	144 561

fair value adjustments and finance costs				
Segment assets and liabilities				
Segment assets	154 688	560 745	-	2 574 769
Unallocated assets	-	-	75 932	75 932
Total assets	154 688	560 745	75 932	2 650 701
Segment liabilities	671	26 994	-	38 588
Unallocated liabilities	-	-	44 563	44 563
Interest-bearing borrowings	-	-	904 009	904 009
Total liabilities	671	26 994	948 572	987 160
Other segment items				
Interest revenue (external)	3	-	-	75
Unallocated interest revenue	-	-	107	107
Investment revenue	3	-	107	182
Fair value adjustments	3 345	(137 805)	(5 887)	76 368
Interest expense	-	-	-	-
Unallocated interest expense	-	-	59 012	59 012
Finance costs	-	-	59 012	59 012

Earnings per share for the year ended 31 March 2018

	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

Net asset value per share for the year ended 31 March 2018

	2018	2017
	R'000	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	311 186	191 257
Net asset value per share (cents)	824	870
Tangible net asset value (cents)	824	870

REIT distribution paid

	2018	2017
	R'000	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.

Basis of preparation

The abridged consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for abridged reports and the requirements of the Companies Act 71 of 2008 of South Africa, as amended. The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 - Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by Financial Reporting Standards Council and the Companies Act 71 of 2008. The accounting policies applied in the preparation of the abridged consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous financial statements.

Explanatory notes to the abridged consolidated statement of financial position and abridged consolidated statement of comprehensive income for the year ended 31 March 2018:

1. It is the Group's policy to have the investment property portfolio valued on an annual basis by an independent valuator. 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.

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 stands purchased during 2013, which are not yet income generating (not yet generating cash flow). These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13 Fair Value Measurement. There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned above. If the 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. The ongoing construction of the Nkomo Village property in Atteridgeville together with a positive fair value adjustment resulted in a 9% increase in the value of investment property since 31 March 2017. The construction costs are financed by interest-bearing borrowings and capital raised by share issues.

2. Most of Safari's current lease agreements are in the first half of the lease term. 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 average weighted forward yield for the portfolio is 8,2%.

3. The 36 luxury upmarket apartments are available for sale in the ordinary course of business. 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. This resulted in a change in estimate.

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

reinvestment process was utilised to settle part of the facility used to finance the construction of current projects.

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

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

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

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

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

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

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

Accounting treatment of the Southern Palace Capital Proprietary Limited transaction.

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

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

5.2 The balance of the subscription of 66 million shares

(59 210 526 shares) is funded by Sanlam Life Insurance Limited (Acting through its Sanlam Capital Markets Division) ("Sanlam"). Safari issued an interest- and capital guarantee to the amount of R455 million for the loan facilities provided to Southern Palace. The funding is secured by a pledge and cession in favour of Sanlam over the 66 million shares. Safari entered into an "Acknowledgement of Claim and Reversionary Pledge and Cession Agreement" with Southern Palace whereby Southern Palace irrevocably and unconditionally agrees to indemnify Safari for the full amount paid by Safari on account of the borrower's obligations under the guarantees issued as set out above.

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

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

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

6. Trade and other receivables fluctuated between the comparative periods, mainly due to the Value Added Tax ("VAT") receivable from the Namibian Revenue Services for the financial period under review. Trade receivables increased mainly due to deposits being raised for the new Nkomo development currently under construction and outstanding debtor balances.

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

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

8. The property revenue increased by 18% compared with the previous year. The increase is a result of annual rental escalations and the fact that the Platz am Meer shopping centre generated rental income for twelve months compared to six months in the previous year.

9. Operating expenses as a percentage of revenue was 29% compared to 30% in the previous year's results. This is as a result of stringent budgeting and continuous monitoring of expenses.

10. 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.

#### Financial statements

The consolidated financial statements for the year have been audited by Deloitte & Touche and an unmodified report issued, and is available for inspection at the group's registered office or in electronic format on the website: [www.safari-investments.com](http://www.safari-investments.com).

The abridged consolidated financial statements are extracted from the audited financial information but are not themselves audited. Information included under the headings "2018 Performance overview" and "Director's report" has not been audited or reviewed. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the report with accompanying financial statements from the group's registered offices. The directors take full responsibility for the preparation of the abridged results and all financial information has been correctly extracted from the underlying financial statements.

The consolidated annual financial statements were approved by the Board of Directors on 20 June 2018 and published on 27 June 2018.

#### New standards and interpretations

The accounting policies of the group have been applied consistently to the policies as presented in the consolidated financial statements for the year ended 31 March 2018.

#### Events subsequent to the reporting period

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

#### Related-party transactions

All related-party transactions are as per approved agreements.

Cosmos Management CC (Cosmos) provided bookkeeping and property portfolio management services to Safari and is a related party due to the common directorship. The services rendered by Cosmos amounted to R6,9 million (2017: R6,4 million).

Safari Retail Proprietary Limited (Retail) provided marketing and letting service for existing centres to Safari and is a related party due to the common directorship. The services rendered by Retail amounted to R1,3 million (2017: R2,8 million).

#### Board commentary

##### Profile

Safari Investments RSA Limited (Safari), with a total asset base of R2,94 billion, is a retail-focused Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange Limited (JSE) main board under the property sector.

Safari invests in quality income-generating property; revenue is generated through sustainable rental income. There were no changes to the nature of the business during the financial period under review.

##### Property portfolio

The property portfolio consists of 19 properties. Six of the properties are established retail centres, of which four are serving as regionals in their areas. The Soweto Day Hospital, operational since January 2016, also forms part of the Safari property portfolio. The above-mentioned properties are the income-generating assets in the Safari portfolio. These include Denlyn in Mamelodi (43 450m<sup>2</sup>); Atlyn (41 200m<sup>2</sup>) and Mnandi (10 550m<sup>2</sup>) in Atteridgeville; Thabong in Sebokeng (43 100m<sup>2</sup>); The Victorian in Heidelberg (15 400m<sup>2</sup>); Platz am Meer in Swakopmund (29 500m<sup>2</sup>) and the Soweto Day Hospital (2 817m<sup>2</sup>). The retail centres are anchored by national retailers such as Shoprite /Checkers, Super Spar and Pick n Pay. Safari's current rental portfolio is 91% retail based.

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.

##### Letting activity

Safari's vacancy factor in its portfolio as at 31 March 2018 was 2% (2017: 2%) of the total income-generating retail space which consisted of 88% (2017: 87%) national tenants.

##### Current projects

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.

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.

## Prospects

The development and extension as detailed above ensures that Safari will maintain its attractive portfolio growth. Above-inflation increases in utility cost and continued financial market volatility are expected to continue. The Board is committed to maximising the rental income streams with the proactive letting strategy focused on national tenants, and minimising the operating expenditure. The Board will focus on opportunities in order to achieve sustainable long-term, recurring distributable earnings. Any forecast in the results has not been reviewed or reported on by the independent external auditors and is the responsibility of the Board.

By order of the Board  
27 June 2018

## Notice of Annual General Meeting

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.

## 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)

## 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

## Directors of Safari Investments RSA Limited

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  
(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