

Safari Investments RSA Limited  
 Registration number: 2000/015002/06  
 Approved as a REIT by the JSE Limited  
 JSE share code: SAR ISIN: ZAE000188280  
 Country of incorporation: Republic of South Africa  
 (7 July 2000)  
 Income tax reference number: 9012/264/14/0  
 ("Safari" or the "company" or the "group")

Condensed consolidated unaudited interim financial results  
 and dividend distribution statement  
 for the period ended 30 September 2018

The condensed consolidated interim financial statements are unaudited.  
 The Financial Director, Mr WL Venter, was responsible for the preparation  
 of these unaudited financial statements, executed by the Financial Manager,  
 Mr MC Basson.

**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 that 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 that we do

**Our strategic goals**

- To grow, diversify and mature a specialised portfolio of premium commercial  
 property investments
- 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

**Income-generating retail portfolio  
 for the period ended 30 September 2018**

Geographic	Denlyn Mamelodi, Gauteng	Atlyn Atteridge- ville, Gauteng	Mnandi Atteridge- ville, Gauteng	Thabong Sebokeng,
Trading since	2003	2006	2015	2007
Total built area	43 450m <sup>2</sup>	41 200m <sup>2</sup>	10 550m <sup>2</sup>	43 100m <sup>2</sup>
Occupation levels	100%	100%	98%	99%
National tenants	90%	91%	74%	88%
Number of shops	109	95	31	104
Annual trading density/m <sup>2</sup> September 2018	R45 100/m <sup>2</sup>	R31 000/m <sup>2</sup>	R22 800/m <sup>2</sup>	R29 000/m <sup>2</sup>

Geographic	The Victorian Heidelberg, Gauteng	Platz am Meer Swakopmund Namibia	Soweto Private Day Hospital Soweto, Gauteng
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Trading since	1997	2016	2016
Total built area	15 400m <sup>2</sup>	29 500m <sup>2</sup>	2 817m <sup>2</sup>
Occupation levels	97%	94%	100%
National tenants	97%	81%	100%
Number of shops	40	70	N/A
Annual trading density/m <sup>2</sup> September 2018	R46 500/m <sup>2</sup>	R22 100/m <sup>2</sup>	N/A

Portfolio highlights	
Portfolio vacancy rate	2%
Portfolio National (GLA)	88%
Average trading density for the portfolio	33 200m <sup>2</sup>
Total built m <sup>2</sup> of property portfolio	186 017m <sup>2</sup>

Condensed consolidated statement of financial position  
as at 30 September 2018

	Notes	Unaudited 30 September 2018 R'000	Reviewed 30 September 2017 R'000	Audited 31 March 2018 R'000
<b>Assets</b>				
Non-current assets				
Investment property	1	2 790 629	2 501 727	2 638 538
Fair value of investment property		2 843 930	2 541 185	2 681 628
Operating lease asset		(53 301)	(39 458)	(43 090)
Loans to shareholders		45 582	42 871	45 166
Operating lease asset	2	53 099	38 322	42 350
Deferred tax		11 128	-	16 908
		2 900 438	2 582 920	2 742 962
Current assets				
Inventories	3	169 649	193 188	169 649
Loans to shareholders	2	5 919	7 660	8 149
Trade and other receivables	6	17 719	23 381	15 331
Operating lease asset	2	202	1 136	740
Cash and cash equivalents		6 199	3 427	2 948
		199 688	228 792	196 817
<b>Total assets</b>		<b>3 100 126</b>	<b>2 811 712</b>	<b>2 939 779</b>
<b>Equity and liabilities</b>				
Equity				
Stated capital	4	2 087 636	2 088 293	2 087 928
Share-based payment reserve	5	-	49 800	49 800
Retained income		462 195	412 163	427 053
		2 549 831	2 550 256	2 564 781
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	7	513 027	139 680	335 245
Deferred tax		15 858	26 265	18 535
		528 885	165 945	353 780
Current liabilities				
Trade and other payables	6	20 593	15 787	20 655
Interest-bearing borrowings	7	817	950	563
Bank overdraft		-	78 774	-
		21 410	95 511	21 218
<b>Total liabilities</b>		<b>550 295</b>	<b>261 456</b>	<b>374 998</b>
<b>Total equity and liabilities</b>		<b>3 100 126</b>	<b>2 811 712</b>	<b>2 939 779</b>

Condensed consolidated statement of profit or loss  
and other comprehensive income  
for the period ended 30 September 2018

Unaudited Six months	Reviewed Six months	Audited
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		ended 30 September 2018	ended 30 September 2017	Year ended 31 March 2018
	Notes	R'000	R'000	R'000
Revenue		136 392	121 668	248 649
Property revenue	8	126 181	117 650	240 999
Operating lease	2	10 211	4 018	7 650
Other income		604	4 144	5 743
Other operating expenses	9	(39 081)	(32 582)	(70 892)
Operating profit		97 915	93 230	183 500
Investment income		2 932	630	3 446
Finance costs		(9 710)	(33 361)	(37 431)
Share-based payment expense	5	-	(49 800)	(49 800)
Fair value adjustments		-	-	15 186
Gross fair value adjustments	1	-	-	22 836
Operating lease		-	-	(7 650)
Impairment of inventory		-	-	(5 035)
Profit before taxation		91 137	10 699	109 866
Taxation		(3 104)	(3 161)	21 477
Profit for the period		88 033	7 538	131 343
Other comprehensive income		-	-	-
Total comprehensive income for the period		88 033	7 538	131 343
Basic earnings per share (cents)		34,94	3,61	57,04
Diluted earnings per share (cents)		28,29	3,43	49,51

Condensed consolidated statement of changes in equity  
for the period ended 30 September 2018

	Share capital R'000	Share- based payment reserve R'000	Retained income R'000	Total equity R'000
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
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 (Audited)	2 087 928	49 800	427 053	2 564 781
Profit for the period	-	-	88 033	88 033
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	88 033	88 033
Share repurchase	(292)	-	-	(292)
Reallocation of capital reserve	-	(49 800)	49 800	-
REIT distribution paid	-	-	(102 691)	(102 691)
Total contributions by				

and distributions to owners of company recognised directly in equity	(292)	(49 800)	(52 891)	(102 983)
Balance at 30 September 2018 (Unaudited)	2 087 636	-	462 195	2 549 831

Condensed consolidated statement of cash flows for the period ended 30 September 2018

	Unaudited Six months ended 30 September 2018 R'000	Reviewed Six months ended 30 September 2017 R'000	Audited Year ended 31 March 2018 R'000
Net cash used in operating activities			
Cash generated from operations	85 254	61 781	179 844
Investment income	2 932	630	3 445
Finance costs	(9 710)	(33 361)	(37 434)
REIT distribution paid	(102 691)	(68 975)	(177 891)
Tax received	-	1 638	1 638
Net cash used in operating activities	(24 215)	(38 287)	(30 398)
Cash used in investing activities			
Purchase and development of investment property	(152 091)	(80 179)	(201 802)
Net cash used in investing activities	(152 091)	(80 179)	(201 802)
Cash flows from financing activities			
Proceeds on share issue	-	898 352	897 988
Reduction of share capital or buyback of shares	(292)	-	-
Proceeds from interest-bearing borrowings	296 136	145 682	447 970
Repayment of interest-bearing borrowings	(118 100)	(909 061)	(1 016 171)
Proceeds from bank overdraft	-	79 704	72 900
Repayment of bank overdraft	-	(24 387)	(96 357)
Advance on shareholders' loan	1 813	(50 531)	(53 316)
Net cash from financing activities	179 557	139 759	253 014
Total cash movement for the period	3 251	21 293	20 814
Cash at the beginning of the period	2 948	(17 866)	(17 866)
Total cash and cash equivalents at the end of the period	6 199	3 427	2 948

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

1. It is the group's policy to have the investment property portfolio valued on an annual basis by an independent valuator. The previous valuation was done on 31 March 2018 and the next valuation will be done on 31 March 2019. These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13 Fair Value Measurement. There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned above. If the valuator were to increase both the capitalisation and discount rates by 0,50%, the total valuation would decrease by 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 construction of the Nkomo Village Shopping Centre in Atteridgeville, and capital expenditure on tenant mix improvements such as the

replacement of Edgars with a Boxer Superstore in Thabong Shopping Centre in Sebokeng, resulted in a 6% increase in the value of investment property since 31 March 2018. The construction costs are financed by the R900 million Absa facility (interest-bearing borrowings).

2. The majority of leases are for three to ten years and the average effective escalation rate is 7%.

3. As part of the Platz am Meer mixed-use 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 is to allocate the development cost of the properties to the close corporations and private company 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, Chief Executive Officer, the membership in all 36 close corporations.

4. In the 2019 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. 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.

6. Trade and other receivables mainly consist of debtors and VAT receivable from the Revenue Service. Trade and other payables consist of deposits (tenants) held, income received in advance and accrued expenses.

7. The bulk of the current and non-current liabilities relate to the facility currently being utilised to finance acquisitions, the project development of the Nkomo Village Shopping Centre and improvements at existing properties as mentioned in note 1.

8. The September 2018 interim property revenue increased by 7% compared to the September 2017 interim figure. The increase is a result of annual rental escalations, low vacancy rates and an improved tenant mix.

9. The September 2018 interim property-specific expenses, as a percentage of property-specific income, was 25% compared to 24% in September 2017. The September 2018 interim total expenses as a percentage of total income was 29% compared to 27% in September 2017.

Condensed consolidated segmental report  
for the period ended 30 September 2018

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000
30 September 2018			
Turnover (external)	35 628	39 843	33 568
Reportable segment profit before investment revenue, fair value adjustments and finance costs	29 135	33 871	23 712

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	966 868	790 256	508 303
Unallocated assets	-	-	-
Total assets	966 868	790 256	508 303
Segment liabilities	5 905	3 345	4 583
Unallocated liabilities	-	-	-
Interest-bearing borrowings	-	-	-
Total liabilities	5 905	3 345	4 583
Other segment items			
Interest revenue (external)	-	-	-
Unallocated interest revenue	-	-	-
Investment revenue	-	-	-
Fair value adjustments	-	-	-
Interest expense	-	-	-
Unallocated interest expense	-	-	-
Finance costs	-	-	-

	Heidelberg R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
30 September 2018				
Turnover (external)	11 017	14 165	2 171	136 392
Reportable segment profit before investment revenue, fair value adjustments and finance costs	8 101	8 763	-	103 582
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	(5 668)	(5 668)
Profit before investment revenue, fair value adjustments and finance costs	-	-	-	97 915
Segment assets	167 975	512 700	-	2 946 102
Unallocated assets	-	-	154 024	154 024
Total assets	167 975	512 700	154 024	3 100 126
Segment liabilities	477	3 186	-	17 496
Unallocated liabilities	-	-	18 955	18 955
Interest-bearing borrowings	-	-	513 844	513 844
Total liabilities	477	3 186	532 799	550 295
Other segment items				
Interest revenue (external)	(4)	130	-	126
Unallocated interest revenue	-	-	2 806	2 806
Investment revenue	(4)	130	2 806	2 932
Fair value adjustments	-	-	-	-
Interest expense	-	-	-	-
Unallocated interest expense	-	-	9 710	9 710
Finance costs	-	-	9 710	9 710

for the period ended 30 September 2017				
	Atteridgeville R'000		Mamelodi R'000	Sebokeng R'000
30 September 2017 (Reviewed)				
Turnover (external)		31 041	36 507	23 938
Reportable segment profit				

before investment revenue, fair value adjustments and finance costs	24 574	31 733	15 449
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	-	-	-
Segment assets	694 496	692 781	507 426
Unallocated assets	-	-	-
Total assets	694 496	692 781	507 426
Segment liabilities	4 140	3 050	4 321
Unallocated liabilities	-	-	-
Interest-bearing borrowings	-	-	-
Total liabilities	4 140	3 050	4 321
Other segment items			
Interest revenue (external)	12	6	13
Unallocated interest revenue	-	-	-
Investment revenue	12	6	13
Fair value adjustments	-	-	-
Interest expense	-	-	-
Unallocated interest expense	-	-	-
Finance costs	-	-	-

	Heidelberg R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
30 September 2017 (Reviewed)				
Turnover (external)	10 740	17 241	2 201	121 668
Reportable segment profit before investment revenue, fair value adjustments and finance costs	8 156	13 454	-	93 366
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	(136)	(136)
Profit before investment revenue, fair value adjustments and finance costs	-	-	-	93 230
Segment assets	157 740	628 222	-	2 680 665
Unallocated assets	-	-	131 047	131 047
Total assets	157 740	628 222	131 047	2 811 712
Segment liabilities	644	81 016	-	93 171
Unallocated liabilities	-	-	27 655	27 655
Interest-bearing borrowings	-	-	140 630	140 630
Total liabilities	644	81 016	168 715	261 456
Other segment items				
Interest revenue (external)	-	-	-	31
Unallocated interest revenue	-	-	599	599
Investment revenue	-	-	599	630
Fair value adjustments	-	-	-	-
Interest expense	-	-	-	-
Unallocated interest expense	-	-	33 361	33 361
Finance costs	-	-	33 361	33 361

Notes to the financial statements  
for the period ended 30 September 2018

## 1. Earnings per share

	Unaudited Six months ended 30 September 2018	Reviewed Six months ended 30 September 2017	Audited Year ended 31 March 2018
Earnings used in the calculation of basic earnings per share (R'000)	88 033	7 538	131 343
Ordinary shares in issue at year-end ('000)	251 925	251 975	251 975
Weighted average number of ordinary shares ('000)	251 962	208 656	230 253
Headline earnings (R'000)	88 033	7 538	108 507
Diluted weighted average number of shares ('000)	311 172	219 657	265 293
Basic earnings per share (cents)	34,94	3,61	57,04
Diluted earnings per share (cents)	28,29	3,43	49,51
Basic headline earnings per share (cents)	34,94	3,61	47,13
Diluted headline earnings per share (cents)	28,29	3,43	40,90
Headline earnings reconciliation			
Basic earnings (profit after tax) (R'000)	88 033	7 538	131 343
Gains and losses from the adjustment to the fair value of non-current assets (R'000)	-	-	(22 836)
	88 033	7 538	108 507

## 2. Related parties

### Relationships

#### Subsidiaries

Safari Investments Namibia  
Proprietary Limited (100% owned)

#### 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

	Unaudited Six months ended 30 September 2018 R'000	Reviewed Six months ended 30 September 2017 R'000	Audited Year ended 31 March 2018 R'000
Related party transactions			
Services rendered by/purchases from related parties			
Safari Developments Pretoria Proprietary Limited	131 001	35 095	104 551
Safari Developments Swakopmund Proprietary Limited	5 356	55 390	66 042
Safari Retail Proprietary Limited	1 880	940	1 332
Pace Construction Proprietary Limited	18	1 066	-
Fanus Kruger Consulting CC	5	80	80
Safari Hold Proprietary Limited	325	375	465
Close corporations controlled by			

common director Cosmos Management CC	4 339	3 430	6 854
MDM Architects CC	908	69	429

### 3. Net asset value per share

	Unaudited Six months ended 30 September 2018	Reviewed Six months ended 30 September 2017	Audited Year ended 31 March 2018
Total assets (R'000)	3 100 126	2 811 712	2 939 779
Total liabilities (R'000)	(550 295)	(261 456)	(374 998)
	2 549 831	2 550 256	2 564 781
Ordinary shares in issue for NAV calculation ('000)	311 136	311 186	311 186
Net asset value per share (cents)	819,52	819,53	824,20
Tangible net asset value (cents)	819,52	819,53	824,20

### Notes to the condensed consolidated unaudited financial statements

#### Basis of preparation

The preparation of the group's interim financial results for the six months ended 30 September 2018 was the responsibility of the Financial Director, Mr WL Venter, executed by the Financial Manager, Mr MC Basson and have not been audited nor reviewed by the group's auditor, Deloitte & Touche. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

#### Financial statements

The group's interim financial results for the six months ended 30 September 2018 were not audited nor reviewed by the group's auditor, Deloitte & Touche. The directors take full responsibility for the preparation of the interim consolidated financial statements and were approved by the Board of Directors on 14 November 2018.

#### New standards and interpretations

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

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

##### Events during the financial period

On 11 July 2018 a cash distribution of 33 cents per share was declared and paid to shareholders.

At the annual general meeting held on 31 July 2018, all resolutions were passed. Mr AE Wentzel and Dr M Minnaar were re-elected as non-executive directors who retired by rotation in terms of the memorandum of incorporation and, being eligible, offered themselves for re-election. Mr C Roberts and Ms LL Letlape were appointed as independent non-executive directors and Mr DC Engelbrecht was appointed as an executive director by way of separate resolutions. It was further resolved that the directors of the company be authorised, by way of a general authority, to issue a maximum of 15% of the issued share capital from the authorised but unissued shares in the capital of the company for cash. The shareholders also passed a non-binding advisory vote on the company's remuneration policy, as well as the 2018 implementation report on the company's remuneration policy, which is available for inspection on the company's website.

On 7 September 2018, the Board of Safari approved the acquisition of a letting enterprise known as Thornhill Shopping Centre ("Thornhill") in Polokwane with a gross built area of 13 374m<sup>2</sup>. Thornhill is a well-established convenient neighbourhood retail centre boasting 90% national tenants with sustainable growth in trading densities. The acquisition is in line with Safari's growth strategy of expanding its property portfolio.

During 2018 Safari issued an interest and capital guarantee to the amount of R455 million for the loan facility provided to Southern Palace Capital. The funding is secured by a pledge and cession in favour of Sanlam over the subscription shares held by Southern Palace Capital. Safari entered into an Acknowledgement of Claim and Reversionary Pledge and Cession Agreement with Southern Palace Capital whereby Southern Palace Capital 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 by Safari.

Events subsequent to the financial period

In the 31 March 2018 annual financial statements (note 33), it was disclosed that notice was received that a cross default was triggered on the senior facility (Southern Palace Capital Proprietary Limited ("Southern Palace") share subscription transaction) where Safari is the guarantor for the interest and capital portions of the facility provided to Southern Palace Capital for the purchase of Safari shares during August 2017. During October 2018, the cross default was rectified through the sale of 13 million Safari shares held under pledge by Sanlam Life Insurance Limited (acting through its Sanlam Capital Markets Division).

The retirement tendered by Francois Marais as Chief Executive Officer with immediate effect was accepted. Francois was appointed as Non-executive Chairman of the Board. As a result, the Board has decided to accelerate the succession plan as communicated to shareholders through SENS during September 2018 and appointed Dirk Engelbrecht as the Chief Executive Officer. Dr Philip Snyman, the current Chairman of the Board will remain as an independent non-executive board member.

At the Board meeting held on 14 November 2018 the Board of directors of Safari resolved the following:

- A gross cash interim distribution of 26 cents per ordinary share was declared and will be paid during December 2018 after complying with the solvency and liquidity requirements as stated in the Companies Act 71 of 2008. Refer to the Dividend Distribution Declaration below.
- Pieter van Niekerk (LLB) was appointed as the Group Company Secretary by the Board with effect from 14 November 2018.
- Tenant mix improvements at Denlyn Shopping Centre to accommodate Woolworths and McDonalds in order to strengthen market dominance in the Mamelodi region was approved with a total capital expenditure of R14 047 686.
- A hedging policy was adopted by the Board subject to finalisation of the security SPV structure currently in process. Further information will be published in due course.

Shareholders are furthermore referred to the SENS announcement on 10 September 2018 with regards to the acquisition of Thornhill Shopping Centre in Polokwane. This acquisition is in line with Safari's growth strategy of expanding its property portfolio through acquisitions of quality retail centres which will fit into their existing specialised, high quality asset portfolio. Competition Commission approval was received during September 2018 and Safari effectively took over the management of the centre with effect from 1 October 2018. Confirmation of registration of the transfer of the property is expected in November 2018 and will be communicated via SENS.

A special general meeting of shareholders was held on 13 November 2018 where all special resolutions were passed and shareholders are referred to the SENS announcement dated 13 November 2018.

## Board commentary

### Profile

Safari Investments RSA Limited ("Safari"), with a total asset base of R3,1 billion, is a retail-focused Real Estate Investment Trust ("REIT") listed on the Johannesburg Stock Exchange Limited ("JSE") main board under the property section.

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

### Property portfolio

The property portfolio includes six established income-generating retail centres, of which three are serving as regionals in their areas. These include Denlyn in Mamelodi, Pretoria (43 450m<sup>2</sup>); Atlyn (41 200m<sup>2</sup>) and Mnandi (10 550m<sup>2</sup>) in Atteridgeville, Pretoria; Thabong in Sebokeng, Johannesburg (43 100m<sup>2</sup>); The Victorian in Heidelberg (15 400m<sup>2</sup>) and Platz am Meer in Swakopmund, Namibia (29 500m<sup>2</sup>). Safari also owns a private day-hospital (2 800m<sup>2</sup>) in Soweto with Advanced Health Limited as its tenant. Safari invests in solar panels at several of its retail centres, including Denlyn, Atlyn, Mnandi and Platz am Meer. During 2016 Safari also acquired six properties situated in Lynnwood, Pretoria, with an aggregate land size of 1,3 hectares which is held for future development. There are residential units on some of these properties for which occupation rent is charged. Safari owns four vacant stands adjacent to Thabong Shopping Centre in Sebokeng for expansion possibilities.

Bulk reserve (retail and other): Thabong: ± 10 000m<sup>2</sup>

Platz am Meer: ± 10 000m<sup>2</sup>

Nkomo Village: ± 20 000m<sup>2</sup>

Lynnwood: ± 13 000m<sup>2</sup>

### Letting activity

Safari's vacancy factor in its portfolio as at 30 September 2018 was 2% (2017: 1%) of the total income-generating space. The average annual rental escalation percentage for the period was 7% (2017: 8%).

At Mnandi we welcomed Kit Kat Cash & Carry in the current reporting period and they are trading above expectation, enhancing the overall trading of the centre.

At Sebokeng the Edgars store closed down due to Edcon restructuring. Boxer Superstore opened for trading on 24 September 2018 in the Edgars space. This is the first Boxer Superstore in the Johannesburg South region and was exceptionally well received by the community. Their performance for the first month of trade exceeded their expectations and proved to be a valuable additional anchor for the Thabong Shopping Centre.

At Denlyn McDonalds was secured and will open for trade before the 2018 festive season. In addition, Woolworths will open its first Mamelodi store in Denlyn in quarter one 2019. These additions further strengthen Denlyn as the preferred and dominant centre in Mamelodi.

### Current projects

Nkomo Village Shopping Centre, Atteridgeville

The construction of Nkomo Village Shopping Centre is on schedule. The centre will commence trading on 22 November 2018. The centre is anchored by Pick n Pay and Boxer Superstore, and brings other national tenants such as McDonalds, Builders Warehouse, Food Lovers Market, The Gym Company and Roots Butchery to the Atteridgeville community for the first time. We look forward to an exciting new addition to the property portfolio.

### Financial performance

Headline earnings increased from R7,5 million to R88 million compared with the same period for the previous year. The increase is mostly as a result of the once-off IFRS 2 charge in the 2018 financial year.

Property revenue increased by 7% and distributable income increased by 36% compared to the same period for the previous year.

#### Funding

Safari currently has a secured loan facility of R900 million of which R250 million is ring-fenced in terms of the Absa guarantee provided on the Southern Palace transaction. Currently the interest-bearing debt represents 17% of the total value of property assets ("LTV") and the cost of finance is at the prime lending rate less 1,05%.

Safari is in the process of setting up a security SPV and securing additional funding. A hedging policy was adopted to be implemented on all future funding. More information will be communicated to shareholders once the process is finalised.

#### Credit rating

During September 2018 Safari received its fourth credit rating from Global Credit Rating Co. ("GCR"):

- Normal long term	BBB(ZA)
- National short term	A2(ZA)
- Rating outlook	Positive

#### Prospects

The Board is committed to maximising the rental income streams with the proactive letting strategy focused on national tenants, and minimising the operating expenditure through quality management within our property portfolio. In Namibia the tough economic environment remains a concern as business sentiment continues to deteriorate and the increased cost of living places continued pressure on the general population. The Board has placed a renewed focus on this asset and has made changes to the management thereof to strengthen the management with proper due care for sustainable long-term growth.

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 sole responsibility of the Board.

By order of the Board

22 November 2018

#### Distribution statement

	Six months ended 30 September 2018 R'000	Six months ended 30 September 2017 R'000	Audited Year ended 31 March 2018 R'000
Revenue (including recoveries)	136 996	125 266	254 392
Lease smoothing effect	(10 211)	(4 018)	(7 650)
Expenses	(39 081)	(32 582)	(70 892)
Net interest	(6 778)	(32 815)	(33 985)
Interest income	2 932	546	3 446
Interest expense	(9 710)	(33 361)	(37 431)
Antecedent dividends	-	3 634	31 360
Distributable earnings	80 926	59 485	173 225
Actual number of shares sharing in dividend	311 136 016	211 632 986	311 185 616

weighted number of shares in issue	311 172 335	201 250 472	265 292 803
Distributable income per share (cents)	26	30	65
Distribution per share from capital reserves (cents)	-	5	3
Total distribution per share (cents)	26	35	68

The weighted number of shares was used to calculate distributable income per share. The reason for the reduced interim distributable income per share compared to the September 2017 interim period is the share issue during 2018 where 119 552 633 shares were issued at R7,60 per share and the fact that antecedent dividends resulting from the share issue were included in the calculation of distributable income per share for the 2018 interim and final distributions. The weaker than expected performance of the Platz Am Meer shopping centre and the delay in the sale of the residential units at the Platz Am Meer development in Swakopmund also limited the distributable income per share for the six months ending 30 September 2018. Taking the current economic climate in South Africa and Namibia into account, Safari decided not to distribute from capital reserves as this will ensure long-term sustainability and faster future growth of distributable income per share. We forecast an increase of between 8% and 10% in the interim distributable income per share for the period ending 30 September 2019. The forecast is based on current long-term lease agreement escalations and the current number of shares issued.

#### Interim dividend distribution declaration

Shareholders are advised that after careful consideration and adherence to the solvency and liquidity requirements as stated in the Companies Act 71 of 2008, the Board of Directors of Safari has approved and declared a gross cash interim dividend distribution of 26 cents per ordinary share for the period ended 30 September 2018 to be paid during December 2018. Shareholders will not be able to elect to reinvest the cash distribution in return for ordinary shares. The distribution is based on revenue as per the disclosed distribution statement and the Board's decision not to distribute from capital reserves.

#### Salient dates and times

The following salient dates and times are applicable to the interim distribution:

Last day to trade cum dividend distribution	Tuesday, 11 December 2018
Shares trade ex-dividend distribution	Wednesday, 12 December 2018
Record date	Friday, 14 December 2018
Payment date	Tuesday, 18 December 2018

#### Notes

Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 12 December 2018 and the close of trade on Friday, 14 December 2018, both days inclusive.

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. The total distribution for the financial year consists of this interim cash dividend distribution of 26 cents to be paid in December 2018 and a final cash dividend distribution to be declared in June 2019.

#### Tax implications

In accordance with Safari's status as a Real Estate Investment Trust ("REIT"), shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act").

The dividends on the shares will be deemed to be dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

#### Tax implications for South African resident shareholders

If resident shareholders have not submitted the above-mentioned documentation to confirm their status as South African residents, they are advised to contact their CSDP, or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

#### Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. With effect from 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the non-resident shareholder. Assuming dividend tax will be withheld at a rate of 20%, the net distribution amount due to non-resident shareholders is 20,8 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- A written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

#### Other information

The ordinary issued share capital of Safari is 311 136 016 ordinary shares of no par value.

Pretoria

22 November 2018

#### Corporate information

Registered address and place of business

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#### Auditor

Deloitte & Touche Partner: J Van der Walt Riverwalk Office Park, Block B  
41 Matroosberg Road, Ashlea Gardens, Pretoria 0081

#### Commercial banker

Absa Bank Limited

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PO Box 7735, Johannesburg 2000

#### Group company secretary

Pieter van Niekerk LLB

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FJJ Marais (Non-executive Chairman)  
DC Engelbrecht (Chief Executive Officer)  
WL Venter (Executive: Financial Director)  
K Pashiou (Executive: Operations Director)  
Dr JP Snyman (Independent Non-executive Director)  
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)

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

[www.safari-investments.com/investor-relations/](http://www.safari-investments.com/investor-relations/)

#### Key contacts

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