

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 2019, Posting of the Annual Report, Notice of Annual General Meeting and Dividend Declaration.

The preparation of the abridged consolidated financial results for the year ended 31 March 2019 was prepared under the supervision of the financial director, WL Venter (CA(SA)).

2019 Performance Overview

- Income producing properties: 9
- 2,6% vacancy rate
- R143/m2 monthly weighted average gross rental/m2 for retail sector
- R174/m2 monthly weighted average gross rental/m2 for health care sector
- R72/m2 monthly weighted average gross rental/m2 for living sector
- R168/m2 monthly weighted average gross rental/m2 for office sector
- 93% retail sector; 1% health care sector and 6% residential sector; <1% office sector
- 89% (rentable area) national tenants
- 174 583m2 total rentable area m2 of property portfolio
- R3,2 billion property portfolio value.

Property portfolio for the year ended 31 March 2019

Name	Location	Property type
Shopping centres Atlyn	Cnr Phudufufu and Khoza Streets, Atteridgeville	Retail
Mnandi Denlyn	Maunde Street, Atteridgeville Cnr Stormvoel and Maphalla Roads, Mamelodi	Retail Retail
Thabong	Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng	Retail
The Victorian	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail
Platz am Meer	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	Retail
Thornhill	Cnr Veldspaat Street and Munnik Avenue, Polokwane	Retail
Nkomo Village	Cnr Lengau, Thlou, Lepogo and Church Streets, Atteridgeville	Retail
Private day hospital Soweto	R558, Protea Glen, Soweto	Healthcare
Stands for development Sebokeng	Erf 86, 87, 94 & 95 Moshoeshoe Street, Sebokeng	
Lynnwood	Cnr Lynnwood and Roderick Roads - Sussex and Roderick, Lynnwood	
Inventory 36 Luxury apartments	Albatros Street, Swakopmund, Namibia	Apartments

Market
value as
attributed
by
independent

Name	Region	value R'000	Rentable area/m2	Vacancy %
Shopping centres				
Atlyn	Gauteng	538 300	31 243	0
Mnandi	Gauteng	136 600	8 717	2
Denlyn	Gauteng	792 800	34 513	0
Thabong	Gauteng	530 219	34 530	0
The Victorian	Gauteng	172 000	11 781	9
Platz am Meer	Erongo, Namibia	283 542	21 155	10
Thornhill	Polokwane	205 100	12 359	2
Nkomo Village	Gauteng	331 600	18 906	5
Private day hospital				
Soweto	Gauteng	39 400	1 379	0
Stands for development				
Sebokeng	Gauteng	4 281	5 502	n/a
Lynnwood	Gauteng	41 700		n/a
Inventory				
36 Luxury apartments	Erongo, Namibia	153 438		n/a
Total		3 228 980	174 583	

Name	weighted average gross rental/m2	Zoning	Freehold/ leasehold	Approximate age of building years
Shopping centres				
Atlyn	142	Special - various	Freehold	11
Mnandi	126	Special - various	Freehold	3
Denlyn	185	Special - various	Freehold	14
Thabong	143	Special - various	Freehold	10
The Victorian	136	Special - various	Freehold	19
Platz am Meer	104	Special - various	Freehold	3
Thornhill	145	Special - various	Freehold	10
Nkomo Village	131	Special - various	Freehold	0,5
Private day hospital				
Soweto	174	Special - various	Freehold	2,5
Stands for development				
Sebokeng	n/a	Special - various	Freehold	
Lynnwood	n/a	Special - various	Freehold	
Inventory				
36 Luxury apartments	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

During June 2018, a 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 CR 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 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 374m². Thornhill is a well-established convenient neighbourhood retail centre boasting 90% national tenants with sustainable growth in trading densities.

On 7 November 2018, Mr FJJ Marais retired as chief executive officer and Mr DC Engelbrecht was subsequently appointed as the chief executive officer. Mr FJJ Marais was appointed as the non-executive chairman of the board.

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

At the board meeting on 14 November 2018, Mr PWL van Niekerk (LLB) was appointed as the group company secretary by the board with immediate effect. At this board meeting, a hedging policy was adopted by the board and shareholders are referred to the business update published on SENS on 27 March 2019 for further information.

Construction of the Nkomo Village Shopping Centre Phase 1 was completed and opened for trade on 22 November 2018. The centre is anchored by Pick n Pay and Boxer Superstore and brings other national tenants such as McDonald's, Builders Warehouse, Food Lover's Market, The Gym Company and Roots Butchery to the Atteridgeville community for the first time.

During December 2018, a distribution of 26 cents per ordinary share was declared and paid to shareholders.

On 28 February 2019, the board of directors approved the transaction where Safari bought out the property management agreement with Cosmos Management CC ("Cosmos"). Shareholders are referred to the SENS announcements dated 4 March 2019 and 6 March 2019 for further details.

On 28 March 2019, Safari and Fairvest Property Holdings Limited ("Fairvest") published a joint SENS announcement regarding a potential friendly merger being investigated on an exclusive basis.

Financial results and activities

The operating results and state of affairs of the group are fully set out in the 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 2019, of R197 271 000 (2018: R183 500 000).

The group's revenue increased by 20% to R299 426 469 compared with the previous year's R248 648 458. A weighted average escalation on lease agreements of 5,16% was achieved for the 2019 financial year. Property expenses as a percentage of property revenue was 26% (2018: 25%).

The Safari group's gearing (loan to value) ratio increased from 12% to 24%, mainly resulting from the completion of Nkomo Village together with the acquisition of Thornhill Shopping Centre.

The fair value of the group's investment property increased by 13% to R3 075 542 000, refer to note 4 of the consolidated annual financial statements for detailed disclosure. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's 2,6% vacancy profile, the 86% national tenants' occupation level, a positive lease expiry profile and rental escalation achieved through the 2019 financial year. The net asset value per share decreased by 12% to 723 cents for the year, from 824 cents in the prior year, mainly as a result of the R250 million share-based payment

liability, refer to note 14 of the consolidated annual financial statements.

Dividends

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. During 2019, Safari declared a total distribution of R183 586 617 (2018: R180 743 384). Refer to note 36 of the consolidated annual financial statements for the distribution statement.

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 32 of the consolidated annual financial statements. The directors are not aware of any material new 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.

Auditor

Deloitte & Touche was appointed as auditor for the group on 2 September 2015. During the 2019 financial year, Mr Johan van der Walt was the designated audit partner for the Safari group.

Abridged consolidated statement of financial position as at 31 March 2019

	2019 R'000	2018 R'000
Assets		
Non-current assets		
Property, plant and equipment	23	-
Investment property	3 009 004	2 638 538
Fair value of investment property	3 075 542	2 681 628
Operating lease asset	(66 538)	(43 090)
Loans to shareholders	45 883	45 166
Operating lease asset	64 322	42 350
Deferred tax	23 743	16 908
	3 142 975	2 742 962
Current assets		
Inventories	153 438	169 649
Loans to shareholders	5 465	8 149
Trade and other receivables	9 185	15 331
Operating lease asset	2 215	740
Cash and cash equivalents	7 233	2 948
	177 536	196 817
Total assets	3 320 511	2 939 779
Equity and liabilities		
Equity		
Stated capital	1 828 902	2 087 928
Share-based payment reserve	-	49 800
Retained income	417 245	427 053
	2 246 147	2 564 781
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	783 661	335 245
Deferred tax	16 921	18 535

	800 582	353 780
Current liabilities		
Trade and other payables	23 215	20 655
Interest-bearing borrowings	567	563
Share-based payment liability	250 000	-
	273 782	21 218
Total liabilities	1 074 364	374 998
Total equity and liabilities	3 320 511	2 939 779

Abridged consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2019

	2019 R'000	2018 R'000
Revenue	299 427	248 649
Property revenue	275 979	240 999
Operating lease	23 448	7 650
Other income	2 167	5 743
Operating expenses	(104 323)	(70 892)
Operating profit	197 271	183 500
Investment income	5 907	3 446
Fair value adjustments	(32 077)	15 186
Gross fair value adjustments	(8 629)	22 836
Operating lease	(23 448)	(7 650)
Finance costs	(37 200)	(37 431)
Impairment of inventory	(16 210)	(5 035)
Share-based payment expense	-	(49 800)
Fair value loss on hedging instruments	(2 005)	-
Profit before taxation	115 686	109 866
Taxation	8 293	21 477
Profit for the year	123 979	131 343
Other comprehensive income	-	-
Total comprehensive income for the year	123 979	131 343
Basic earnings per share (cents)	48	57
Diluted earnings per share (cents)	40	50

Abridged consolidated statement of changes in equity for the year ended 31 March 2019

	Stated capital R'000	Share- based reserve payment reserve R'000	Retained income R'000	Total equity R'000
Balance as 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 as at 1 April 2018	2 087 928	49 800	427 053	2 564 781
Profit for the year	-	-	123 980	123 980

Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	123 980	123 980
Share-based payment	(7 356)	(49 800)	49 800	(7 356)
Share buy-back	(1 670)	-	-	(1 670)
Share-based payment liability	(250 000)	-	-	(250 000)
REIT distribution paid	-	-	(183 587)	(183 587)
Total contributions by and distributions to owners of company recognised directly in equity	(259 026)	(49 800)	(133 787)	(442 613)
Balance as at 31 March 2019	1 828 902	-	417 246	2 246 147

Abridged consolidated statement of cash flows for the year ended 31 March 2019

	2019 R'000	2018 R'000
Net cash used in operating activities		
Cash generated from operations	182 531	179 844
Investment income	5 907	3 445
Finance costs	(37 200)	(37 434)
Reit distribution paid	(183 587)	(177 891)
Tax (paid)/received	(156)	1 638
Net cash used in operating activities	(32 505)	(30 398)
Cash used in investing activities		
Purchase of property, plant and equipment	(24)	-
Purchase and development of investment property	(402 543)	(201 802)
Net cash used in investing activities	(402 567)	(201 802)
Cash flows from financing activities		
Proceeds on share issue	-	897 988
Reduction of share capital or buy-back of shares	(9 026)	-
Proceeds from interest-bearing borrowings	1 057 491	447 970
Repayment of interest-bearing borrowings	(611 076)	(1 016 171)
Proceeds from bank overdraft	-	72 900
Repayment of bank overdraft	-	(96 357)
Repayment/(advance) on shareholders' loan	1 968	(53 316)
Net cash from financing activities	439 357	253 014
Total cash movement for the year	4 285	20 814
Cash and cash equivalents at the beginning of the year	2 948	(17 866)
Total cash and cash equivalents at the end of the year	7 233	2 948

Segmental reporting 2019

The group classifies the following main segments, which is consistent with the way the group reports internally: Atteridgeville, Mamelodi, Sebokeng, Polokwane; Heidelberg and Namibia. Head office, Lynnwood and Soweto is regarded as reconciling.

Segment results and net assets, include items that can be 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
As at 31 March 2019				
Turnover (external)	86 892	79 787	65 665	21 557
Reportable segment profit before investment revenue, fair value adjustments and finance costs	70 727	67 134	44 366	14 650
Unallocated reportable				

segment profit before investment revenue, fair value adjustments and finance costs	-	-	-	-
Profit before investment revenue, fair value adjustments and finance costs	70 727	67 134	44 366	14 650
Segment assets and liabilities				
Segment assets	1 007 076	793 136	534 791	171 966
Unallocated assets	-	-	-	-
Total assets	1 007 076	793 136	534 791	171 966
Segment liabilities	6 135	3 109	4 097	566
Unallocated liabilities	-	-	-	-
Interest-bearing borrowings	-	-	-	-
Total liabilities	6 135	3 109	4 097	566
Other segment items				
Interest revenue (external)	-	-	-	(4)
Unallocated interest revenue	-	-	-	-
Investment revenue	-	-	-	(4)
Fair value adjustments	(15 418)	(3 916)	25 604	5 438
Interest expense	-	-	-	-
Unallocated interest expense	-	-	-	-
Finance costs	-	-	-	-
	Limpopo R'000	Namibia R'000	Reconci- liation R'000	Total R'000
As at 31 March 2019				
Turnover (external)	10 751	30 458	4 316	299 427
Reportable segment profit before investment revenue, fair value adjustments and finance costs	9 172	19 372	-	225 421
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	-	-	(28 150)	(28 150)
Profit before investment revenue, fair value adjustments and finance costs	9 172	19 372	(28 150)	197 271
Segment assets and liabilities				
Segment assets	205 568	442 697	-	3 155 235
Unallocated assets	-	-	165 276	165 276
Total assets	205 568	442 697	165 276	3 320 511
Segment liabilities	2 212	4 022	-	20 141
Unallocated liabilities	-	-	269 996	269 996
Interest-bearing borrowings	-	-	784 228	784 228
Total liabilities	2 212	4 022	1 054 224	1 074 364
Other segment items				
Interest revenue (external)	12	324	-	333
Unallocated interest revenue	-	-	5 574	5 574
Investment revenue	12	324	5 574	5 907
Fair value adjustments	30 319	(56 512)	5 856	(8 629)
Interest expense	-	-	-	-
Unallocated interest expense	-	-	(37 200)	(37 200)

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000
Finance costs	-	-	(37 200)	(37 200)
As at 31 March 2018				
Turnover (external)	67 367	72 519	51 290	20 726
Reportable segment profit before investment revenue, fair value adjustments and finance costs	54 291	61 481	33 035	15 278
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	169 361
Unallocated assets	-	-	-	-
Total assets	827 073	781 742	495 768	169 361
Segment liabilities	6 969	3 703	3 761	509
Unallocated liabilities	-	-	-	-
Interest-bearing borrowings	-	-	-	-
Total liabilities	6 969	3 703	3 761	509
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)	9 325
Interest expense	-	-	-	-
Unallocated interest expense	-	-	-	-
Finance costs	-	-	-	-
		Namibia R'000	Reconci- liation R'000	Total R'000
As at 31 March 2018				
Turnover (external)		32 346	-	248 649
Reportable segment profit before investment revenue, fair value adjustments and finance costs		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		510 146	-	2 784 089
Unallocated assets		-	155 689	155 689
Total assets		510 146	155 689	2 939 779
Segment liabilities		2 695	-	17 637
Unallocated liabilities		-	21 552	21 552
Interest-bearing borrowings		-	335 808	335 808
Total liabilities		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		(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

Earnings per share for the year ended 31 March 2019

	2019 R'000	2018 R'000
Earnings used in the calculation of basic earnings per share (profit after tax)	123 979	131 343
Ordinary shares in issue at year end	257 826	251 975
Weighted average number of ordinary shares	258 128	230 253
Headline earnings	132 608	108 507
Diluted weighted average number of shares	311 128	265 293
Basic earnings per share (cents)	48,03	57,04
Diluted earnings per share (cents)	39,85	49,51
Basic headline earnings per share (cents)	51,37	47,13
Diluted headline earnings per share (cents)	42,62	40,90
Headline earnings reconciliation		
Basic earnings (profit after tax)	123 979	131 343
Gains and losses from the adjustment to fair value of non-current assets	8 629	(22 836)
	132 608	108 507

Net asset value per share for the year ended 31 March 2019

	2019 R'000	2018 R'000
Total assets	3 320 511	2 939 779
Total liabilities	(1 074 364)	(374 998)
Ordinary shares in issue	2 246 147	2 564 781
Net asset value per share (cents)	310 826	311 186
Tangible net asset value (cents)	723	824

REIT distribution paid

	2019 R'000	2018 R'000
Prior year final distribution (33 cents per share) (2018: 34 cents per share)	(102 691)	(68 975)
Capitalisation of distribution (2018: R7,60 per share)	-	(2 853)
Interim distribution (26 cents per share) (2018: 35 cents per share)	(80 895)	(108 915)
	(183 587)	(180 743)

Refer to the distribution statement in note 36 of the consolidated annual financial statements.

2018: 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 was paid in cash to shareholders, the remaining balance of R2 852 561 was settled by means of a capitalisation dividend.

Distribution statement

	2019 R'000	2018 R'000
Revenue (including recoveries)	301 594	254 392
Lease-smoothing effect	(23 448)	(7 650)

Expenses	(104 323)	(70 892)
Net interest	(31 293)	(33 985)
Interest income	5 907	3 446
Interest expense	(37 200)	(37 431)
Antecedent dividends	-	31 360
Transaction costs expensed	13 246	-
Distributable earnings	155 776	173 225
Actual number of shares sharing in dividend	310 826 016	311 185 616
Weighted number of shares in issue	311 128 090	265 292 803
Distributable income per share (cents)	50	65
Distribution per share from capital reserves (cents)	-	3
Distribution per share (cents)	50	68

The decrease in distribution per share is attributed to:

For FY2018, distributable earnings included antecedent dividends (resulting from the 119 552 633 shares issued at R7,60 during FY2018) and distribution per share was calculated using the weighted average number of shares in issue. In the current period there is no adjustment for antecedent dividends and distribution per share is calculated using the number of shares in issue at 31 March 2019.

The continued weaker than expected performance of the Platz Am Meer shopping centre in the current period and the delay, due to finalisation of regulatory processes, in the sale of the residential units at the Platz Am Meer development in Swakopmund.

The challenging local retail environment putting current period rental renewals and escalations under pressure.

As previously disclosed, Southern Palace defaulted on the R50 million equity loan from Sanlam during the current period which resulted in a cross-default on the R455 million senior loan. Guarantee fees and additional interest expense resulting from funding the interest shortfall from December 2018 amounting to R2,69 million paid on behalf of Southern Palace are deemed to not be recoverable and have been expensed in FY2019. It should be noted that there is a reversionary pledge and cession agreement together with a Southern Palace Holdco guarantee in place which will result in Safari holding a pledge over the 53 million Safari shares of Southern Palace should Sanlam make a further call on the Safari guarantee for full settlement of Southern Palace's outstanding obligations. This will result in a legal claim against Southern Palace for the full amount paid by Safari on account of Southern Palace's obligations under the guarantees issued as set out above.

To determine the distributable income for the current distribution period the cost related to the internalisation of the property management function (refer to note 30 of the consolidated annual financial statements) and the setup cost of the security SPV and new facilities (refer to note 13 of the consolidated annual financial statements) have been carved out as transaction cost in the distribution statement (refer to note 36 of the consolidated annual financial statements).

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.

Explanatory notes to the abridged consolidated statement of financial position and abridged consolidated statement of comprehensive income for the year ended 31 March 2019:

1. It is the Group's policy to have the investment property portfolio valued on an annual basis by an independent valuer. The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totalling R3 021 700 000 (2018: R2 411 606 190 excluding Nkomo Village) was based on the discounted cash flow method.

The valuation of investment property (Erf 68 of the subsidiary's property and the Lynnwood property), totalling R53 841 500 (2018: R239 869 622 including Nkomo Village) 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 R152 500 000. If the valuer were to decrease both the capitalisation and discount rates by 0,50%, the total valuation would increase by R170 800 000.

If the valuer were to increase the long-term vacancy provision by 1,00%, the total valuation would decrease by R28 000 000. If the valuer were to decrease the long-term vacancy provision by 1,00% the total valuation would increase by R28 300 000. The 17% increase in the value of investment property since 31 March 2018 is mainly due to the completion of the Nkomo Village shopping centre in Atteridgeville and the acquisition of Thornhill shopping centre in Polokwane. The construction and acquisition costs are financed by interest-bearing borrowings.

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 1 April 2018 is 7,6% for the 2019 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.

3. The 36 luxury upmarket apartments are available for sale in the ordinary course of business. The apartments were impaired by R16,2 million in the current financial year.

4. During the course of the year Safari repurchased 359 597 shares in terms of its general authority at an average price per share of R4,44. The shares were subsequently cancelled.

5. In the interim results for the six months ending 30 September 2018, it was disclosed that the cross default 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 for the purchase of Safari shares during August 2017 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) Sanlam thus currently has a pledge over the remaining 53 million shares together with the guarantee provided by Safari as mentioned above.

With the remaining 53 million shares, the December 2018 distribution was not sufficient to service the interest on the Sanlam facility and Sanlam subsequently called on the Safari guarantee for the R7 356 577 shortfall. This amount paid by Safari increased Safari's debt facility and was posted against equity (stated capital) due to the hybrid nature of the transaction (cash settled vs equity settled).

In order to meet the required covenants as stipulated in the Sanlam facility agreement, Sanlam intends to call on Safari for a portion of the guarantee to the amount of R250 million, as per management's best estimate. A calculation

was done to determine the value of the liability to be recognised in our 2019 financial results, utilising a discounted cash flow model based on key assumptions including the remaining term of the loan, future expected distributions and share price. The 53 million Safari shares are currently pledged to Sanlam and together with the reversionary pledge and cession agreement in place, these shares to be pledged to Safari should Sanlam make a further call on the Safari guarantee for full settlement of Southern Palace's outstanding obligations. This will result in a legal claim against Southern Palace for the full amount paid by Safari on account of Southern Palace's obligations under the guarantees issued as set out above.

6. Trade and other receivables fluctuated between the comparative periods, mainly due to the Value Added Tax ("VAT") receivable and the raising of prepaid expense which relates to insurance costs. Allowance for credit losses were also raised in terms of IFRS 9, adopted in the current financial year.

Trade and other payables consists of tenant deposits held, income received in advance, accrued expenses and VAT payable to the Receiver of Revenue in Namibia for the financial period under review.

7. During the financial year, Safari successfully implemented a Security SPV whereby bonds have been registered over most of Safari's investment properties in the security SPV structure to provide pooled security to lenders. The structure is regulated by a Common Terms Agreement ("CTA"), cession of security, counter indemnity agreements as well as debt guarantees. Absa is currently Safari's sole financier.

Secured loans:

Facility A: R300 000 000 accruing interest at the three-month JIBAR rate plus 1,75%

Facility B: R200 000 000 accruing interest at the three-month JIBAR rate plus 1,95%

Facilities C&D: R900 000 000 accruing interest at the prime bank overdraft rate less 1,05%

(Prime: 10,25% (2018: 10,00%) at year end of which R250 000 000 is an Absa guarantee relating to the Southern Palace Capital Proprietary Limited.

Secured by certain investment property as per note 4 of the integrated consolidated annual financial statements.

8. The property revenue increased by 15% compared with the previous year. The increase is a result of annual rental escalations and the fact that Nkomo Village and Thornhill shopping centre generated rental income for a portion of the current financial period.

9. Property expenses as a percentage of property revenue was 26% compared to 25% in the previous year's results. Stringent budgeting and continuous monitoring of expenses remain a focus area for management.

10. The deferred tax asset for Namibia is a result of the downward fair valuation of the Platz am Meer property. Management's judgement is that the current economic climate together with certain property-specific matters, which are being addressed, resulted in the downward valuation and should be reversed once there is a turn-around. The valuation of the asset will be assessed at each reporting period.

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.

The abridged consolidated financial statements are extracted from the audited financial information but are not themselves audited. Information included under the headings "2019 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 annual financial statements.

The consolidated annual financial statements were approved by the Board of Directors on 19 June 2019 and published on 24 June 2019.

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 save for the adoption of new and amended standards as set out below:

- IFRS 9 Financial Instruments; and
- IFRS 15 Revenue from Contracts with Customers.

The adoption of IFRS 9 and IFRS 15 had no material impact on the results.

Events subsequent to the reporting period Safari entered into a non-cancellable lease agreement with Wealthgate Investments 45 (Pty) Ltd for the corporate head office of Safari. The lease agreement commenced on 1 May 2019 and is for a duration of five years. This lease agreement will result in minimum lease payments over the next five years totaling R6,3 million. Based on our assessment, this will not materially impact the financial statements. This amount is also management's best estimate of the impact in adopting IFRS 16 Leases in the 2020 financial year.

On 28 May 2019 the board accepted the resignation tendered by Mr FJJ Marais. Dr JP Snyman, a current independent non-executive director and former chairman of Safari, was reappointed as chairman of the company with immediate effect. The board would like to thank Mr Marais for his valuable contribution to the company and wishes him well in his retirement.

Shareholders are referred to note 14 of the annual financial statements with regards to the Southern Palace transaction and are advised that the board entered into further agreements whereby the transaction was restructured as follows:

A portion of the senior facility amounting to approximately R250 million will be settled by Safari which will result in a claim by Safari against Southern Palace; and Amended the reversionary pledge and cession in security agreement given by Southern Palace in favour of Safari to include the additional amounts owing to Safari and, in addition, entered into a guarantee and pledge and cession in security agreement by Southern Palace Holdco in favour of Safari in order to secure Safari's position with regards to, amongst other things, the aforementioned claim.

Matters approved by the board at the board meeting held on 19 June 2019: A final cash distribution of 24 cents per Safari share and will be paid to shareholders during July 2019; and Two small capital projects amounting to R7.1 million relating to the reconfiguration and substitution of Edgars at Atlyn and an increased budget for the filling station at Nkomo Village.

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 R18,8 million (2018: R6,9 million). Included in the current year figure is the R10,3 million internalisation of the management function transaction.

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 R2,7 million (2018: R1,3 million).

Board commentary

Profile

Safari Investments RSA Limited (Safari), with a total asset base of R3,32 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 9 properties. Eight 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 (rentable area) Denlyn in Mamelodi (34 513m²); Atlyn (31 243m²), Nkomo Village (18 906m²) and Mnandi (8 717m²) in Atteridgeville; Thabong in Sebokeng (34 530m²); The Victorian in Heidelberg (11 781m²); Platz am Meer in Swakopmund (21 155m²); Thornhill in Polokwane (12 359m²) and the Soweto Day Hospital (1 379m²). The retail centres are anchored by national retailers such as Shoprite/Checkers, Super Spar, Boxer and Pick n Pay. Safari's current rental portfolio is 99% retail based.

The luxury apartments that forms part of Platz am Meer in Swakopmund is currently being marketed on an open mandate. The sales of the apartments are delayed due to the finalisation of regulatory processes.

Letting activity

Safari's vacancy factor in its portfolio as at 31 March 2019 was 2,6% (2018: 2%) of the total income-generating retail space which consisted of 86% (2018: 88%) national tenants.

Prospects

The development and relocations 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.

Dividend declaration

Shareholders are advised that the directors of Safari have approved and declared a final gross cash distribution of 24 cents per share for the period ended 31 March 2019 from income reserves.

Shareholders will not be able to elect to reinvest the cash distribution in return for ordinary shares.

Salient dates and times

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

Last day to trade cum dividend distribution	Tuesday, 9 July 2019
Shares trade ex dividend distribution	Wednesday, 10 July 2019
Record date	Friday, 12 July 2019
Payment date	Monday, 15 July 2019

Notes:

Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 10 July 2019 and the close of trade on Friday, 12 July 2019, both days inclusive.

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

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i) (aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are however exempt from dividend withholding tax ("Dividend Tax") in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares, a DTD(EX) (Dividend Tax: Declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as South African residents.

If resident shareholders have not submitted the abovementioned 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 19,2 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 cease 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 310 826 016 ordinary shares of no par value as at the dividend declaration date.
- Income tax reference number of Safari: 9012/264/14/0.

Posting of annual report and notice of annual general meeting ("AGM")
Shareholders of the Company are hereby advised that the Company's Annual Report, incorporating the full audited consolidated annual financial statements of the Company for the year ended 31 March 2019 and notice of the AGM of the Company is currently available on the Company's website, but is anticipated to be dispatched to shareholders on Friday, 28 June 2019.

Notice is hereby given that the AGM will be held at 14:00 on Wednesday, 7 August 2019, at The Corner Office, 410 Lynnwood Road, Lynnwood, 0081, Pretoria, to transact the business as set out in the notice of the AGM which forms part of the Annual Report.

The date on which shareholders must be recorded as such in the share register of the Company to be eligible to vote at the AGM is Friday, 2 August 2019, with the last day to trade being Tuesday, 30 July 2019.

By order of the Board
24 June 2019

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 Wednesday, 7 August 2019, at The Corner Office, 410 Lynnwood Road, Lynnwood, 0081, 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

Pieter van Niekerk LLB
The Corner Office, 410 Lynnwood Road, Lynnwood, Pretoria, 0081
Postal: As above

Directors of Safari Investments RSA Limited

DC Engelbrecht (Chief executive officer)
FN Khanyile (Independent non-executive)
LL Letlape (Independent non-executive)
M Minnaar (Independent non-executive)
K Pashiou (Executive)
CR Roberts (Independent non-executive)
JP Snyman (Independent non-executive chairman)
WL Venter (Executive financial director)
AE Wentzel (Lead independent non-executive)

Independent valuer
Mills Fitchet (TVI) 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
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Sponsor
PSG Capital
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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