

SAFARI INVESTMENTS RSA LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2000/015002/06
Share code: SAR
ISIN: ZAE000188280
(Approved as a REIT by the JSE)
("Safari" or "the Company")



VOLUNTARY UPDATE

This announcement intends to provide information to all stakeholders as to how Safari is currently approaching this sensitive period of time and to address general concerns raised over the past two weeks.

The uncertainty and lack of visibility regarding the extent of the effect of the Covid-19 pandemic impacts the world and companies around the globe. No one was fully prepared for this world-wide crisis. Safari is however in full support of the decisive action taken by the South African government to reduce the local spread of the virus, and the initial steps taken to mitigate its impact.

SAFARI OPERATIONS DURING NATIONAL LOCKDOWN

As part of our commitment to creating safe and sustainable spaces, Safari is prioritising the safety and well-being of its stakeholders during this time and has implemented the World Health Organisation's recommended sanitisation measures across all the retail assets in our portfolio.

Safari, being a retail-focused REIT, operates seven shopping centres in South Africa and one in Namibia. All our shopping centres (both SA and Namibia) are currently operating in compliance with the lockdown regulations. Supermarkets, pharmacies and other essential service providers continue to trade. Our policy and approach at all centres is to apply social distancing, rigorous hygienic cleaning efforts are in place, and sanitizers and disinfectants are readily available throughout the shopping centres. Information on Covid-19 is also distributed to our communities through awareness campaigns. Some of the shopping centres house SASSA pay-out points and these pose specific risks at key payment times. Safari has implemented specific security in those centres and support the people queuing for grant pay-outs. Essential traders allowed to trade during the lockdown amounts to 38% of Safari's total portfolio (GLA).

A further result of the lockdown is that our head office is closed and a work-from-home policy is applied. Despite this, Safari is managing the business 'as usual', with communications and

interactions with our asset- and property management teams occurring through various on-line platforms and other electronic means.

SAFARI'S TENANTS

Safari realises that the lockdown has a serious immediate impact on the business and cashflows of a majority of our tenants. Contractually, most of our leases prohibit tenants from withholding rentals under any circumstance, and the tenant undertakes and guarantee to make payment of its rental without any set-off. The tenant is therefore obliged to make payment of its rental for the duration of which the rental agreements are in place. The declaration of a National State of Disaster and subsequent lockdown called for by the President of the Republic, does not intervene Safari's right to recoup rentals from its tenants.

Certain tenants have, in our view, erroneously concluded that the gazetted provisions and related regulations allow them to withhold rental payment lawfully. The Property Industry Group ("PI Group") represented by the South African Property Owners Association, the South African Council for Shopping Centres and the SA REIT Association, is currently in constructive discussions with key national tenants in an effort to agree on a Retail Tenant Assistance Relief Package. PI Group's press release published 7 April 2020 provides (in extract) that:

"In addition, retailers prevented from trading in compliance with South Africa's government-mandated lockdown (non-essential services), and in good standing at the end of February 2020, are offered some form of assistance from landlords. The extent of that relief depends on the severity of impact.

For April and May 2020, retail landlords will offer relief in the form of rental discounts where rental will be waived partially or fully and interest-free rental deferrals where the deferred rental will be recovered later over six to nine months from 1 July 2020 onwards. Rental includes rent, operating costs and parking rental but excludes all rates and taxes recoveries and utility cost recoveries, as well as insurance, which all tenants will be required to pay in full for April and May 2020. "

The Company is dealing with all requests for rent relief and other concerns on a case-by-case basis, with aforementioned document as a guiding framework. Several supportive and mutually beneficial options such as rent reductions or extension of rent payments are considered with the intention of recovering these deferrals at a later stage. Our continued focus is to support all our tenants through these times and to assist them to navigate their businesses through the months after the lockdown period expires. We are making good progress with rent collection under these difficult circumstances and remain in close contact with those tenants who have not paid their April rent yet. The biggest portion of the outstanding rent for April is owed by the five large national retailers with whom the PI Group is in discussion regarding aforementioned Retail Tenant Assistance Relief Package and, if these relief measures are agreed on, the rental (with relief measures applied) should be paid by 17 April 2020. Our lease expiry profile is closely monitored and 16% of current leases will expire within

the next 12 months with renewal negotiations already significantly progressed or finalised in order to limit exposure to the risk of increased vacancies.

EDCON

Safari shareholders are referred to the press release by Edcon Limited on Thursday, 26 March 2020 regarding the impact of Covid-19 and the possible effects of the 21-day lockdown period on Edcon's business. During 2019, as part of a broader landlord initiative, Safari agreed to contribute to Edcon's restructuring through applying a 24-month rent reduction to all Edgars and CNA leases. Instead of subscribing for equity in Edcon, Safari negotiated an early termination clause with the option to thus replace all Edgars and CNA stores in the Safari portfolio. Safari has subsequently successfully managed to reduce its exposure to Edcon in terms of GLA from 9,3% to 4.2% and in terms of gross income from 5% to 1,5% as at the date of this announcement. By doing this we have increased our gross rent income on previously Edcon occupied space while also reducing our exposure to Edcon.

TRADING UPDATE AND DIVIDEND GUIDANCE

Safari has a March year end and is currently in a closed period. We refer investors to previous guidance published.

Safari is committed to maintaining its conservative gearing level and adequate liquidity. At this stage, Safari is focused on suitable allocation of capital, including but not limited to reducing non-critical operating expenses and timeous rent collections from tenants. Safari will continue to engage with its lenders to ensure that we navigate current events in the most efficient and responsible manner possible. As communicated in our interim results for the six months ending 30 September 2019, a significant portion of our interest-bearing debt matures at the end of August 2020. We have engaged with a number of prospective new lenders and also our current lenders to negotiate re-financing of the maturing facilities. The process with the various lenders is at an advanced stage. The Covid-19 crisis together with the 21-day lockdown did however slow this process down as the impact on the retail sector and rental-income is being considered. We will continue to engage with all current and prospective lenders to finalise this process as soon as possible.

The Company is operating at a steady level with all recent capital projects delivered and completed. There currently exist no projects or new developments with underlying capital commitments that need to be extended or halted.

Delays in reporting timelines as a result of the remote-working and lockdown will be assessed with auditors and corporate advisors and we will keep our stakeholders informed of any changes, should they arise. Given the uncertainty around the impact of Covid-19, the board of directors will be reviewing the company's dividend policy. During previous financial years 100% of distributable income was declared as a dividend. This policy, as well as the timing of

the payment of the dividend, will be considered. Further clarity will be provided when the financial results are released.

CONCLUSION

As governments, national authorities and companies continue to implement rigorous measures, there remains uncertainty about the level of impact which Covid-19 will have on future operations. Management however is confident that Safari is able to navigate through the changes and challenges and that our portfolio has specific strengths which assist it in doing so. It is also positive and commendable that there is co-operation between REITS and property industry bodies such as The SA REIT Association, The South African Property Owners Association and the South African Council of Shopping Centres, to collectively work together for guidance; to understand the impact of Covid-19 on the property industry's operations; and to formulate appropriate responses to risks and business influences.

The situation remains unique and fluid and Safari will continue to assess the situation and provide further updates to stakeholders when appropriate.

None of the information provided in this update has been reviewed or reported on by the company's external auditors.

Pretoria
9 April 2020

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