

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" or "the Group")



FURTHER UPDATE ON COVID-19 AND EXTENSION OF FINANCIAL REPORTING PERIOD

Subsequent to the SENS announcement published on 9 April 2020, Safari wishes to provide a further update on the impact of the COVID-19 pandemic on its business operations. This update is subject to the fact that Safari is still under a closed period until the publication of its financial results for the year ended 31 March 2020.

A national state of disaster was declared by the President of South Africa on 15 March 2020, followed by a national lockdown period from 27 March 2020 to 30 April 2020 which was then further extended. During this time only essential service retailers could operate on a limited basis and in line with government regulations and certain recommended safety measures. For the period following 30 April 2020 various lockdown levels were introduced in phases with a view to gradually reopen the South African economy.

Safari opened its Pretoria head office on 3 May 2020 in line with a protocol document drafted in terms of published regulations. Employees are still encouraged to work from home where possible. Safari's board has also set out ethical guidelines to be followed during and after the COVID-19 crisis period. These guidelines cover relational and business issues and have an impact on both Safari and its stakeholders including but not limited to its shareholders, employees, suppliers, tenants, communities and government.

Rental revenue

Under these challenging circumstances management has been intensely engaged with tenants, both directly and indirectly through collective bargaining by the Property Industry Group, with the view of finding financially sustainable solutions for all involved. While rental collection for the period from 1 April 2020 has remained satisfactory taking into account trading conditions, it is still too early to quantify the full impact of COVID-19 on the portfolio. We endeavour to restrict rental remission to the number of days tenants were completely restricted to trade which for the majority of our affected tenants were only 35 days (for the period from 26 March 2020 until 30 April 2020).

A component of retail tenants (such as health clubs, hairdressers, liquor stores, sport betting and restaurants) were further restricted from trading post 30 April 2020. Some of these tenants are still restricted from trading and re-opening in the short term remains doubtful. We continue to engage on an individual basis with these tenants to understand how we may assist in the sustainability of their businesses during these uncertain times, and will continue to consider rental remission where necessary to mitigate damages and prevent the loss of tenants as a result of the national lockdown and further extensions thereof.

Management is satisfied with the collection of rentals thus far and a small amount of agreed rental was deferred over a period.

Rental Collected vs Rental Remission vs Rental under Negotiation / Deferrals

	Rental Collected	Rental Remission	Under negotiation / deferrals
April & May	58%	30%	12%

While there is indeed pressure on rental revenue in the short term, the portfolio remains defensive and resilient due to the location of the assets and target market. The ongoing effect of businesses still restricted to trade under Levels 1 – 3 will result in further monthly rental remissions of between 4% and 6% of normal rental income (depending on the various businesses and when it will be allowed to commence trading under various levels).

Social response

On the social front the safety and well-being of shoppers is prioritised and the Company has implemented the World Health Organisation's recommended hygiene measures and recommendations across all retail assets. Strict new health and safety measures were also introduced at the workplace for all our employees.

From a very early stage in this crisis pro-active measures were put in place at all retail centres and are being monitored closely by the on-site centre managers. These measures include:

- The minimum number of entrances at shopping centres are opened to assist with crowd control;
- Posters are displayed at every entrance to reinforce the message "no mask – no entry" as well as promoting 1,5 metre distancing;
- Posters are displayed in centre walkways and on social media to promote "steps to wash your hands" and "how to prevent getting infected";
- Masks were ordered for larger centres and distributed to shoppers who do not have a mask;
- Walkways were demarcated with tape and stickers to promote social distancing.

Management has also established communication channels with the relevant local authorities and city officials to ensure that all retail sites are compliant with regulations.

Edcon

As previously communicated, Safari's exposure to Edcon in terms of GLA is 4.2% and in terms of gross income 1,5%. Safari is in the process to replace two of the Edcon stores within its portfolio which will subsequently reduce Safari's exposure to Edcon to 2.85% in terms of GLA and 0.75% in terms of gross income.

Extension of financial reporting periods

Shareholders are referred to the market notice issued by the Financial Services Conduct Authority on 3 April 2020, in respect of the extension of financial reporting periods and are advised that the Group will be utilising the extension period afforded to issuers with year-ends of 31 December 2019, 31 January 2020, 29 February 2020 and 31 March 2020.

Under normal circumstances Safari would have published financial results before 30 June but the Board considered it prudent and in the best interest of the Group to utilise the

relevant extension period to afford more time for the audit process to be finalised, with certain aspects of the audit taking longer to finalise under lock-down restrictions and remote working conditions. Safari however, doesn't anticipate to utilise the full two-month extension granted and will issue its integrated annual report, incorporating the annual financial statements and the notice of annual general meeting, as soon as possible.

Going forward

The Company is continuously adapting to an increasingly unpredictable property market and to ensure the creation of long-term value for its stakeholders. The Board remains confident of Safari's robust operating platform and that its defensive and diversified portfolio is well positioned to weather the current turbulent conditions.

As communicated, Safari's head office employees have been able to work remotely since 26 March 2020 without major disruption and internal communication has continued smoothly and uninterrupted. The board wishes to express its appreciation to our staff, our centre managers, and suppliers who are supporting providers of essential goods and services during this period.

The financial information contained in this announcement has not been reviewed or reported on by Safari's external auditors. The Company will continue to update stakeholders on the anticipated impact on its business as circumstances change.

Pretoria
10 June 2020

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