SAFARI INVESTMENTS RSA LTD

ABRIDGED RESULTS

for the year ended 31 March 2014

SAFARI INVESTMENTS RSA LIMITED AND ITS SUBSIDIARY ("SAFARI" OR "THE GROUP") AT A GLANCE

Number of properties: **7**

Less than **1%** vacancy rate

R105p/m² monthly weighted average rental/m²

100% retail sector

90% national tenants

R1,397 billion valuation of properties

124 925m² total GLA of current centres

10% weighted average rental escalation

154 568m² land available for future development

To view the 2014 annual report visit :
www.safari-investments.com

INCOME GENERATING RETAIL PORTFOLIO

for the year ended 31 March 2014

	Denlyn	Atlyn	Thabong	The Victorian
Geographic	Mamelodi, Gauteng	Atteridgeville, Gauteng	Sebokeng, Gauteng	Heidelberg, Gauteng
Trading since	2003	2006	2007	1997
Gross leasable area	42 200m²	Existing 39 680m² and new 1 517m²	Existing 27 645m² and new 13 500m²	15 400m²
Gross annual income	R46 275 340	R32 907 679	R23 337 934	R14 149 048
Occupation levels	100%	100%	100%	100%
National tenants	91%	91%	Existing 83% after construction: 90%	95%
Number of shops	102	90	68 + 22	34
Annual trading density/m² per annum for 2014 (R)**	35 442,94/m²	29 399,60/m²	29 555,00/m²	40 817,54/m²

***This excludes furniture and financial services.*

Annual national average trading density: R25 672/m².

Safari Investments RSA Limited

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

MH Tsolo Chairman and **FJJ Marais** Chief executive officer

With a successful 2014 financial year behind us, Safari has proven its continued striving for excellence as a unique investment company. Due to the success of the previous financial year(s), the 2015 financial year started with the listing of Safari on the JSE.

Safari is proud of an industry-focused and dedicated board supported by a management team with a wealth of property development, retail marketing and management experience. The dedication of our team is evident in the strong and healthy financial position of the company and its retail operations that continue to deliver exceptional results.

The executive committee meets monthly and is closely supported by the development and procurement agent, Safari Developments Proprietary Limited (Safari Developments) and by the portfolio and financial manager, Cosmos Management cc (Cosmos Management). Working closely with them is Safari Retail Proprietary Limited (Safari Retail) (a subsidiary of Safari Developments), providing the marketing, CFO and secretarial functions. These entities comprise financial and property professionals dedicated to Safari and they manage the day-to-day activities.

Safari Developments carefully selects and offers new development and investment opportunities to Safari in order to grow and distinguish the portfolio. New acquisitions are continuously researched and sourced carefully, and if it can add value it is offered to the board for inclusion in the portfolio. Current developments include the establishment of a retail node on Maunde Street in Atteridgeville to strengthen the Atlyn Centre, and a new phase for the Thabong Centre in Sebokeng, which are both under construction. Construction of the Swakopmund Waterfront in Namibia will commence soon, as all earth- and waterworks are nearly complete. With these new additions the portfolio is estimated to grow to R2 billion in the next financial year and to R3 billion in the next three to four years.

Cosmos Management is responsible for the (complete) facilities management of the portfolio and comprises functions like financial bookkeeping and accounting as well as auditing, rent collection, monthly financial reporting, centre management and tenant satisfaction. The vacancy factor of less than 1% of the portfolio is evidence of their commitment and efficiency. Recent additions to the facilities include the establishment of an Internet network and camera systems at the centres to *inter alia* improve security and the monitoring of activities. Cosmos Management continues to analyse tenant operations and to recommend improvements to all our facilities.

In co-operation, these key entities (Safari Developments and Cosmos Management) together form a very lean and cost-effective structure of administrative management and they continue to produce extraordinary development and investment results for Safari.

The focus of the board remains to further grow shareholder value with capital growth and attractive returns. This is achieved through a unique property portfolio of quality assets in key locations and quality tenancy across the portfolio. It remains evident to the retail market that Safari offers high-class regional shopping destinations in desirable growth nodes. Safari achieved an annual growth rate over the past five years of approximately 20%. This reflects the successful strategy of investing in high-growth areas.

Our operating fundamentals are:

- to maintain a high-integrity income stream;
- a pro-active letting strategy focused on national tenants;
- to utilise lease expiry to its maximum in lieu of current rent averages in the portfolio; and
- to maintain a less than 1% vacancy factor in the portfolio.

The group continues to aim for the improvement of the quality of its properties through selective redevelopment and upgrades of existing properties. The strong financial position and access to finance enables it to take advantage of new investment opportunities as they arise. The strategic objective is to maximise returns on investments to provide

REPORT OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER continued

shareholders with above-average sustainable returns and growing distributions. Safari will continue to aim at maximising rental income streams, minimising operating expenditure without compromising the quality of services, and optimising the funding mix.

Staying true to our investment proposition we can report the following highlights for the 2014 financial year:

- increased rental income by 18%;
- increased portfolio value by 28%;
- maintained a less than 1% vacancy factor; and
- the portfolio increased in value from R1,27 billion prior to listing to R1,4 billion.

The listing took place in April in the new (current) financial year as new favourable tax legislation enabled Safari to apply for REIT (Real Estate Investment Trust) status. REITs are tax-advantaged investment structures that bring South African property companies in line with international norms. The board was convinced that the timing was right to conform and Safari was successfully listed as a REIT on the JSE Limited on 7 April 2014, and raised R374 million capital by way of a private placement. This enabled the group to settle its debt completely. It also freed up the debt facility, which can be utilised for funding of promising new developments. Since the listing date, the share is performing well and we anticipate a stable performance period ahead.

The institutional and individual shareholders have supported the strategy and investment offering throughout the year. We look forward to successfully delivering sustainable performance in the 2015 financial year and to grow long-term value for the shareholders. The first REIT distribution of 20 cents/share is due by mid-July 2014, with the second distribution of 34 cents/share due in December 2014. Regarding the December distribution, the board will consider offering investors the option of a share issue for re-investment of their distributions, which may stimulate share price and value.

We offer our appreciation to our fellow board members for their guidance over the past year and also wish to thank our shareholders for their continued support.

With the successful year behind, we remain committed to outstanding management of the portfolio and to continue delivering exceptional results.

MH Tsolo
Chairman

FJJ Marais
Chief executive officer

25 June 2014

STATEMENT OF FINANCIAL POSITION

as at 31 March 2014

	Notes	2014 R	2013 R
Assets			
Non-current assets			
Investment property	1	**1 347 869 135**	1 054 912 557
Fair value of investment property		**1 379 152 614**	1 073 756 015
Operating lease asset		**(31 283 479)**	(18 843 458)
Intangible assets		**86 051**	–
Operating lease asset		**29 038 286**	15 660 225
		1 376 993 472	1 070 572 782
Current assets			
Inventory		**19 017 144**	15 665 620
Current tax receivable		**5 211 759**	4 532 114
Operating lease asset		**2 245 193**	3 183 233
Trade and other receivables		**3 991 090**	4 257 763
Cash and cash equivalents	2	**125 702 738**	1 360 205
		156 167 924	28 998 935
Total assets		**1 533 161 396**	1 099 571 717
Equity and liabilities			
Equity			
Equity attributable to equity holders of parent			
Stated capital		**644 152 383**	292 717 973
Equity portion of shareholders' loans		**–**	75 791 144
Retained income		**362 823 335**	240 581 812
		1 006 975 718	609 090 929
Shares paid for and issuable	2	**104 365 747**	–
		1 111 341 465	609 090 929
Liabilities			
Non-current liabilities			
Loans from shareholders	3	**–**	111 900 200
Interest bearing borrowings	4	**–**	306 668 234
Deferred tax	5	**15 021 171**	33 987 788
		15 021 171	452 556 222
Current liabilities			
Loans from shareholders	3	**4 439 687**	–
Interest bearing borrowings	4	**381 070 518**	30 903 796
Trade and other payables		**11 246 934**	7 020 770
Other financial liabilities	2	**10 041 621**	–
		406 798 760	37 924 566
Total liabilities		**421 819 931**	490 480 788
Total equity and liabilities		**1 533 161 396**	1 099 571 717

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2014

	Notes	2014 R	2013 R
Revenue		119 649 229	101 900 965
Property revenue	6	112 412 548	95 646 478
Operating lease		7 236 681	6 254 487
Other income	7	5 188 649	1 900 580
Operating expenses	8	(45 953 375)	(53 062 579)
Profit before investment revenue, fair value adjustments and finance costs		78 884 503	50 738 966
Investment revenue		153 463	158 772
Fair value adjustments	1	62 386 713	45 932 953
Gross fair value adjustments		69 623 393	52 187 440
Operating lease		(7 236 681)	(6 254 487)
Finance costs		(28 045 988)	(30 381 738)
Profit before taxation		113 378 691	66 448 953
Taxation	5	8 862 832	(19 283 052)
Profit for the year		122 241 523	47 165 901
Other comprehensive income		–	–
Total comprehensive income for the year		122 241 523	47 165 901
Earnings and diluted earnings per share (cents)		129	67

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

1. Refer to the explanatory information disclosed under the net asset value per share note for detail of the increased value.
2. 17 075 090 shares were paid for and issuable as at 31 March 2014 to the value of R105 844 674. An oversubscription of shares that will not be issued on the listing to the value of R10 041 621 will be repaid after year end. The amounts mentioned above are included in cash and cash equivalents. The transaction costs of raising the capital amounted to R1 478 927 and has been set off against the amount received for the capital. These shares are to be issued on listing which occurred on 7 April 2014. Refer to the notes to the financial statements for detail of the listing of Safari.
3. Conversion of shareholders' loans took place during the 2014 financial year. Refer to the notes to the financial statements.
4. The outstanding bond balance was settled shortly after year end. Refer to the notes to the financial statements.
5. Taxation and Deferred tax include the reversal of capital gains tax, due to Safari's REIT (Real Estate Investment Trust) status.
6. Property revenue include rental income from the Heidelberg Shopping Centre, obtained during the 2014 financial year through a business combination. Refer to the notes to the financial statements.
7. Other income include profit on the conversion of shareholders' loans to the value of R2 273 743 and profit through the business combination of R1 924 191. Refer to the notes to the financial statements.
8. The decrease in the operating expenses is mainly due to the completion of the revamping and extensions at the existing properties, early in the 2014 financial year.

STATEMENT OF CASH FLOWS

for the year ended 31 March 2014

	2014 R	2013 R
Cash flows from operating activities		
Cash generated from operations	67 315 940	37 534 662
Interest income	153 472	49 292
Finance costs	(25 991 844)	(22 793 151)
Tax paid	(10 783 431)	(9 242 702)
Net cash from operating activities	30 694 137	5 548 101
Cash flows from investing activities		
Additions of investment property	(103 359 644)	(161 542 574)
Purchase of other intangible assets	(86 051)	–
Business combinations	104 002	–
Net cash from investing activities	(103 341 693)	(161 542 574)
Cash flows from financing activities		
Proceeds on share issue	133 482 601	21 246 427
Proceeds from interest bearing borrowings	604 474 391	118 046 831
Repayment of interest bearing borrowings	(561 894 000)	–
Movement in other financial liabilities	10 041 621	–
Proceeds from shareholders' loan	10 885 476	8 191 757
Net cash from financing activities	196 990 089	147 485 015
Total cash movement for the year	124 342 533	(8 509 458)
Cash at the beginning of the year	1 360 205	9 869 663
Total cash at end of the year	125 702 738	1 360 205

Safari Investments RSA Limited

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2014

	Share/stated capital R	Share premium R	Total share capital R	Equity portion of shareholder loans R	Retained income R	Shares paid for and issuable R	Total equity R
Balance at 1 March 2012	691 872	270 779 674	271 471 546	72 644 387	193 415 911	–	537 531 844
Total comprehensive income for the year	–	–	–	–	47 165 901	–	47 165 901
Issue of shares	33 032	21 213 395	21 246 427	–	–	–	21 246 427
Equity portion of shareholder loans	–	–	–	3 146 757	–	–	3 146 757
Total contributions by and distributions to owners of company recognised directly in equity	33 032	21 213 395	21 246 427	3 146 757	–	–	24 393 184
Balance at 1 April 2013	724 904	291 993 069	292 717 973	75 791 144	240 581 812	–	609 090 929
Total comprehensive income for the year	–	–	–	–	122 241 523	–	122 241 523
Proceeds of shares issued	**43 893**	**30 330 077**	**30 373 970**	**–**	**–**	**–**	**30 373 970**
Re-allocated to stated capital	**322 323 146**	**(322 323 146)**	**–**	**–**	**–**	**–**	**–**
Issue of shares: Shareholders' loans conversion	**193 917 543**	**–**	**193 917 543**	**(75 791 144)**	**–**	**–**	**118 126 399**
Issue of shares: Business combination	**128 400 014**	**–**	**128 400 014**	**–**	**–**	**–**	**128 400 014**
Capital raising fee	**(1 257 117)**	**–**	**(1 257 117)**	**–**	**–**	**(1 478 927)**	**(2 736 044)**
Issue of shares: Listing on the JSE	**–**	**–**	**–**	**–**	**–**	**105 844 674**	**105 844 674**
Total contributions by and distributions to owners of company recognised directly in equity	**643 427 479**	**(291 993 069)**	**351 434 410**	**(75 791 144)**	**–**	**104 365 747**	**380 009 013**
Balance at 31 March 2014	**644 152 383**	**–**	**644 152 383**	**–**	**362 823 335**	**104 365 747**	**1 111 341 465**

Safari Investments RSA Limited

SEGMENTAL REPORT

for the year ended 31 March 2014

	Atlyn R	Mamelodi R	Thabong R	Heidelberg R	Namibia R	Group R	Total R
Turnover (external)	37 337 982	52 896 014	29 104 496	310 737	–	–	119 649 230
Reportable segment profit before investment revenue, fair value adjustments and finance costs	25 895 479	42 188 915	15 324 907	(309 054)	(1 321 367)	–	81 778 880
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(2 894 377)	(2 894 377)
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	78 884 503
Segment assets and liabilities							
Segment assets	410 622 741	511 713 129	266 005 155	135 297 917	76 047 926	–	1 399 686 868
Unallocated assets	–	–	–	–	–	132 757 384	132 757 384
Total assets	410 622 741	511 713 129	266 005 155	135 297 917	76 047 926	132 757 384	1 532 444 252
Segment liabilities	1 410 127	2 240 712	1 994 201	509 753	38 669	–	6 193 462
Unallocated liabilities	–	–	–	–	–	415 626 469	415 626 469
Total liabilities	1 410 127	2 240 712	1 994 201	509 753	38 669	415 626 469	421 819 931
Other segment items							
Interest revenue (external)	7 783	13 609	11 219	16	3 788	–	36 417
Unallocated interest revenue	–	–	–	–	–	117 046	117 046
Investment revenue	7 783	13 609	11 219	16	3 788	117 046	153 463
Fair value adjustments	10 879 030	64 360 773	(11 956 779)	2 207 313	(3 103 624)	–	62 386 713
Interest expense	995	–	5 037	–	–	–	6 032
Unallocated interest expense	–	–	–	–	–	–	28 039 956
Finance costs	995	–	5 037	–	–	–	28 045 988

Safari Investments RSA Limited

SEGMENTAL REPORT continued

for the year ended 31 March 2013

	Atlyn R	Mamelodi R	Thabong R	Heidelberg R	Namibia R	Group R	Total R
Turnover (external)	33 135 485	48 722 352	20 043 128	–	–	–	101 900 965
Reportable segment profit before investment revenue, fair value adjustments and finance costs	11 967 505	35 214 164	7 721 407	–	(423 678)	–	54 479 398
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(3 740 431)	(3 740 431)
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	50 738 967
Segment assets and liabilities							
Segment assets	353 546 760	431 995 372	237 989 200	–	70 020 284	–	1 093 551 616
Unallocated assets	–	–	–	–	–	6 020 100	6 020 100
Total assets	353 546 760	431 995 372	237 989 200	–	70 020 284	6 020 100	1 099 571 716
Segment liabilities	1 929 920	2 396 440	1 564 982	–	–	–	5 891 342
Unallocated liabilities	–	–	–	–	–	484 589 443	484 589 443
Total liabilities	1 929 920	2 396 440	1 564 982	–	–	484 589 443	490 480 785
Other segment items							
Interest revenue (external)	6 455	4 685	5 249	–	–	–	16 389
Unallocated interest revenue	–	–	–	–	–	142 383	142 383
Investment revenue	6 455	4 685	5 249	–	–	142 383	158 772
Fair value adjustments	22 689 399	(12 959 618)	33 053 605	–	3 149 567	–	45 932 953
Interest expense	–	–	6 586	–	–	–	6 586
Unallocated interest expense	–	–	–	–	–	30 375 152	30 375 152
Finance costs	–	–	6 586	–	–	30 375 152	30 381 738

EARNINGS PER SHARE

for the year ended 31 March 2014

	2014 R	2013 R
Earnings used in the calculation of basic earnings per share	**122 241 523**	47 165 901
Ordinary shares in issue	**120 864 827**	72 490 371
Weighted average number of ordinary shares	**94 808 385**	70 827 290
Headline earnings	**28 532 084**	15 137 937
Headline earnings per share (cents)	**30**	21
Diluted headline earnings per share (cents)	**30**	21
Basic and diluted earnings per share (cents)	**129**	67
Headline earnings reconciliation		
Basic earnings	**122 241 523**	47 165 901
Gains and losses from the adjustment to the fair value of non-current assets due to REIT status	**(62 386 713)**	(45 932 953)
Tax effect of gains and losses from the adjustment to the fair value of non-current assets due to REIT status	**(29 398 534)**	–
Tax effect	**–**	8 578 438
Change in deferred tax due to change in tax rate	**–**	5 326 551
Profit through business combination	**(1 924 192)**	–
	28 532 084	15 137 937

NET ASSET VALUE PER SHARE

for the year ended 31 March 2014

	2014 R	2013 R
Total assets	**1 533 161 396**	1 099 571 717
Total liabilities	**(421 819 931)**	(490 480 788)
	1 111 341 465	609 090 929
Ordinary shares in issue	**120 864 798**	72 490 371
Net asset value per share (cents)	**920**	840
Tangible net asset value (cents)	**920**	840

The value of the group's Investment property increased by 28,4% from 2013. The increase includes the acquisition of the Heidelberg property, construction costs capitalised of R103 359 644 and fair value adjustments of R62 386 713. Most of the properties' values are determined by the "Discounted cash flow method" and are impacted by Safari's less than 1% vacancy profile, 90% national tenants occupation, positive lease expiry profile, 10% average escalations and length of lease agreements.The net asset value per share increased by 9,4% to 920 cents for the year, from 840 cents in 2013.

NOTES TO THE FINANCIAL STATEMENTS

Statement of compliance

The summarised consolidated financial information for Safari Investments RSA and its subsidiary ("Safari" or "the group") has been prepared and presented in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the requirements of the Companies Act 71 of 2008, the Listings Requirements of the JSE Limited and the requirements of IAS 34: Interim Financial Reporting. The report has been prepared using accounting policies that comply with IFRS which are consistent with those applied in the financial statements of the year ended 31 March 2014.

Basis of preparation

The preparation of the group's summarised financial results for the 12 months ended 31 March 2014 was the responsibility of the Financial Director, DE van Straten CA(SA), executed by the financial manager, MC Hattingh CA(SA).

Financial statements

The annual financial statements for the year have been audited by Mazars Inc., and is available for inspection at the group's registered office or in electronic format on the website: www.safari-investments.com. The abridged results are extracted from audited financial information but is not itself audited. Information included under the headings "Safari Investments at a glance" and "CEO and chairman'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 annual financial statements from the group's registered office. Full details of the group's business combination, additions to investment property and the listing as a Real Estate Investment Trust (REIT) are included in the group's published Annual Report. 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 annual consolidated financial statements were approved by the board of directors on 25 June 2014 and published on 26 June 2014.

New standards and interpretations

The accounting policies of the group have been applied consistently to the policies as presented in the consolidated financial statements. The group has adopted the following standards and interpretations that are effective for the current financial year; IFRS 10, Consolidated Financial Statements; IAS 27, Separate Financial Statements and IFRS 13, Fair Value Measurements.

NOTES TO THE FINANCIAL STATEMENTS continued

Events during and subsequent to the reporting period

Subsequent event

On 26 June 2013, the board approved the process to be listed on the JSE Limited as a Real Estate Investment Trust (REIT) on the main board under the property section. Listing approval was obtained from the JSE on 26 March 2014 and Safari listed successfully on 7 April 2014. The funds raised through the listing were utilised to settle the outstanding bond after year-end.

Events during the financial period

The well-established Victorian Centre in Heidelberg, was acquired on 15 January 2014 for a net amount of R128,4 million. The centre added 15 400m² gross leasable area and the registration of the property was finalised by 28 February 2014.

During the financial year shareholder loans decreased from R111 900 200 to the value of R4 439 687 at year end, due to the shareholder loans' conversion to stated capital, the detail of which is disclosed in notes 10 and 11 of annual consolidated financial statements. The balance at year end has been repaid to the shareholders, 30 days after Safari listed on the JSE.

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

Distribution timetable

The timetable in respect of the distribution is as follows:

- Friday, 11 July 2014: Last day to trade *cum* distribution
- Monday, 14 July 2014: Shares trade *ex* distribution
- Friday, 18 July 2014: Date to be recorded in the register to receive the distribution
- Monday, 21 July: Payment date

Share certificates may not be dematerialised or remateralised between Monday, 14 July 2014 and Friday, 18 July 2014.

Additional information disclosed

- The group's REIT status implies no dividend tax. Shareholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, 58 of 1962 (Income Tax Act). Accordingly, qualifying distributions received by local tax residents must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act), with the effect that the qualifying distribution is taxable as income in the hands of the shareholder.
- The issued ordinary share capital of Safari is 170 000 000 shares at 25 June 2014.
- Safari's tax number is 9012/264/14/0.

CORPORATE INFORMATION

Safari Investments RSA Limited

(Registration number 2000/015002/06)
(Share code: SAR | ISIN: ZAE000188280)
(Safari or the group)

Auditors

Mazars Inc.
Partner: Shaun Vorster

Commercial banker

ABSA Bank Limited

Group secretary

Safari Retail Proprietary Limited

Corporate advisor

Fanus Kruger Consulting cc

Directors of Safari

MH Tsolo	Independent non-executive chairman
FJJ Marais	Chief executive officer
K Pashiou	Executive director
PA Pienaar	Executive director
DE van Straten	Executive financial director
AE Wentzel	Lead independent non-executive director
JP Snyman	Independent non-executive director
SJ Kruger	Non-executive director
M Minnaar	Non-executive director
JC Verwayen	Non-executive director

Independent valuer

Mills Fitchet (Tvl) cc

Legal advisers

Edward Nathan Sonnenbergs Inc.

Sponsor

PSG Capital Proprietary Limited

Transfer secretaries

Computershare Investor Services Proprietary Limited

Annual general meeting

The 2014 annual general meeting will be held at 14:00 on Wednesday, 30 July 2014, at Irene Country Estate at 391 Nelmapius Drive, Irene, Pretoria.

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SAFARI
INVESTMENTS RSA LTD

www.safari-investments.com