SAFARI INVESTMENTS RSA LTD

INTEGRATED ANNUAL REPORT 2017

FOR THE YEAR ENDED 31 MARCH

OUR VISION

To be a leading REIT specialist, offering shareholders access to income and capital growth through a portfolio of premium investments in a sustainable investment fund.

OUR MISSION

To create a property portfolio which:

- offers investors a trustworthy, transparent and sustainable investment delivering long-term sustainable income growth
- promotes social and environmental sustainability in local communities
- is highly sought after by tenants and their customers
- provides a secure and sustainable future for employees

OUR VALUES

- Sustainable business practices
- Highest standards of corporate citizenship
- Ethical and socially responsible behaviour

OUR STRATEGIC GOALS

- To grow and mature a specialised portfolio of premium commercial property investments
- To achieve sustainable distribution and capital growth through quality property investments in southern Africa
- To diversify geographically by seeking opportunities in other emerging markets
- To continually improve the quality of our portfolio through re-developments, expansions and by rolling out value-added services at existing properties

19
properties

2%
vacancy rate

99%
retail sector

1%
health care sector

89%
national tenants (GLA)

R135/m²
monthly weighted average gross rental/m²

7%
average annualised property yield

R32 500/m²
average trading density for the portfolio

186 000m²
total built m² of property portfolio

R2,63 bn
valuation of property portfolio

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ABOUT THIS REPORT

This integrated annual report presents the financial, operational, social and environmental performance of Safari Investments RSA Limited and its subsidiary (herein after referred to as "Safari" or "the group" or "the company") to stakeholders for the period from 1 April 2016 to 31 March 2017. In order to provide a concise overview of the business, business model and strategy, it includes a range of financial and non-financial disclosures, performance measures and reviews for the year. This aims at enabling stakeholders to objectively assess its ability to create and sustain value.

The report provides information on the group and highlights the group's corporate governance principles, growth strategy and financial performance and the social, environmental and economic sphere in which the group operates. The group has continued to build on its commitment to provide stakeholders with information to maintain their trust and confidence in Safari.

The content is intended to enhance your understanding and appraisal of the company and its prospects and we remain committed to improving our reporting to our stakeholders. Any feedback to improve reporting in future will be welcomed. Comments can be sent to info@safari-investments.com.

FRAMEWORK APPLIED

The framework is in accordance with best practice and applies to the principles of the following:

- King Report on Governance for South Africa 2009 ("King III");
- JSE Limited ("JSE") Listings Requirements;
- Companies Act 71 of 2008, as amended ("Companies Act"); and
- International Integrated Reporting Council <IR> framework.

The financial information provided in the annual financial statements commencing on page 60 has been prepared in accordance with International Financial Reporting Standards ("IFRS"), SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements and the Companies Act. Detailed statements on how Safari has applied the principles contained in King III can be viewed on our website: www.safari-investments.com.

Report published: 28 June 2017

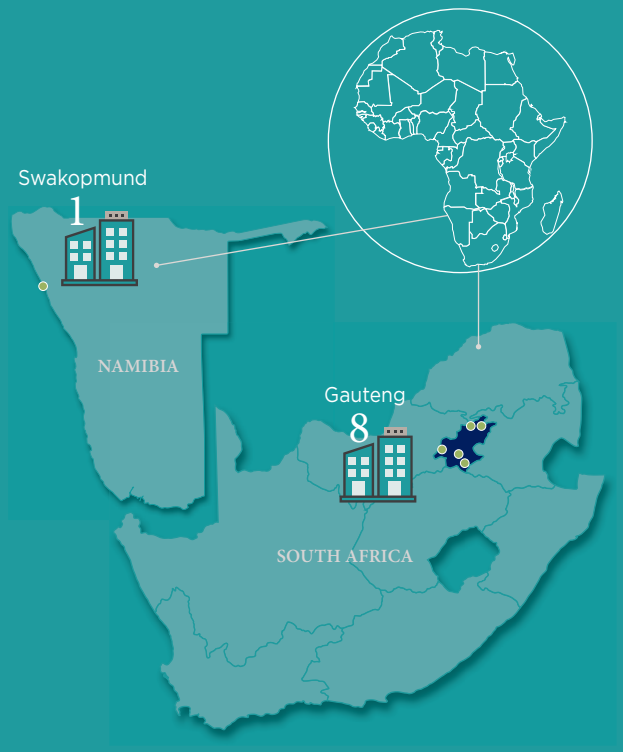
ASSURANCE AND BOARD RESPONSIBILITY STATEMENT

Safari continues to develop and apply a combined assurance model, providing management and the Board with confidence regarding the information disclosed. The group strives to achieve high standards in all disclosures and management reviews. The financial statements were independently audited by Deloitte & Touche and the Board of the company, supported by the Audit and Risk Committee, has approved this report.

The Board of Directors acknowledges its responsibility to ensure the integrity of this annual report for the 2017 financial year. The Board has accordingly applied its judgement and in its opinion this annual report addresses all material matters, and offers a holistic view of the performance of Safari.

The Board authorised the integrated annual report for publication on 21 June 2017.

DR JP Snyman *Chairman*	**FJJ Marais** *Chief Executive Officer*	**DC Engelbrecht** *Group Company Secretary*



Atlyn
Atteridgeville (cnr Phudufufu and Khoza Street)

Mnandi
Atteridgeville (Maunde Street)

Denlyn
Mamelodi (cnr Stormvoël and Maphalla Road)

Thabong
Sebokeng (Moshoeshoe Street)

The Victorian
Heidelberg (cnr Voortrekker and Jordaan Street)

Platz am Meer
Swakopmund, Namibia (cnr Albatros and Tsavorite Street)

Soweto Day Hospital
Soweto (R558, Protea Glen)

Nkomo Village
Atteridgeville (49 Tlou Street)

Lynnwood Offices
Pretoria (Cnr Lynnwood and Rodericks Street)

WHO WE ARE

Safari is a South African Real Estate Investment Trust ("REIT") which listed on the Johannesburg Stock Exchange ("JSE") in 2014.

It has a portfolio of premium property assets in a sustainable investment fund attracting investors who seek exposure to the highly desirable property market.

The aim is to maximise returns on shareholders' investments in the long term by accumulating high-quality income-generating assets in the property portfolio and optimising existing assets to their full potential in strategic geographic areas. The approach is threefold:

- Selectively acquiring investment properties
- Developing properties for long-term investment
- Actively managing existing assets to enhance value.

Safari's portfolio comprises 19 properties including retail centres, a private day-hospital, residential properties, and vacant land for future development – in total valued at R2,63 billion. Our primary sector focus is retail.

The key development objective for the portfolio has been to acquire retail properties within key catchment areas. The strategic positioning of assets and planned acquisitions ensures that our properties are optimally located within catchment areas to take full advantage of current and future growth patterns. Safari's retail centres are developed into strong regional nodes, a strategy that attracts top-quality national retailers and reduces the risk of potential competitors entering the market.

Delivery towards the above strategy is evident, as Safari's properties are located in the most favourable location within chosen urban living areas, generally close to major transport routes and other services. To achieve this, we partnered with local business councils to acquire and invest in the most suitable available vacant land.

Through the phased expansion of centres and subsequently by securing leading national retailers, Safari's centres have matured from their roots as neighbourhood or convenience centres into destination regional nodes. This is particularly important in the underdeveloped urban market, where customers rely on public transport and need a central location to purchase all necessities.

In line with our long-term outlook, Safari also owns a number of greenfield opportunities for future development that are either envisaged to complement Safari's existing portfolio of properties or have long lead development potential based on anticipated urban developments.

Safari is acutely aware of the fact that a crucial aspect of a successful retail property is ensuring a balanced and carefully selected tenant mix. Accordingly, we prioritise the correct mix of national retailers, specialty stores, and general or local dealers. Safari has developed strong working relations with national retailers and we collaborate with each retail tenant to sustainably meet their space requirements as their business evolves and expands.

Our company structure, including core service providers, lays a sound foundation for the execution of our strategy. With our capable and talented teams, now stronger than ever, we are well placed to maintain our hands-on approach in managing our assets and opportunities, enabling Safari to achieve ongoing income and capital growth and ultimately boosting shareholder value.

PERFORMANCE AGAINST THE CAPITALS

INTELLECTUAL RESOURCES

Knowledge-based intangibles derived from software ArchiFM software by Graphisoft.

- Single integrated electronic property and financial software management system customised for Safari Investments simplifying the flow of information for management reporting, research, analysis, invoicing and decision-making
- Supports building professionals throughout the entire building lifecycle – design process, construction stage, operations and maintenance management
- Connectivity via fibre network by VOX Telecoms in all our centres

MANUFACTURED RESOURCES

- Seven income-producing investment properties – eight in South Africa and one in Namibia
- Primary sector focus is retail with a strategic view to diversify our portfolio with value added offering which includes day-hospitals, offices, filling stations and the like
- Vacant land owned for greenfield developments

HUMAN RESOURCES

- Board of eight members comprising a healthy spread of professionals from disciplines such as architecture, engineering, construction, medical and financial with over 200 years of cumulative experience in the property industry
- Board delegates its functions to six board sub-committees which are led by competent, capable and experienced chairmen
- Group Company Secretary employed directly from 1 April 2016
- Safari awarded "Best Retail Property Investments Management Team in South Africa" by CFI.co in 2016

SOCIAL AND RELATIONSHIP RESOURCES

- Strong geographic concentration in emerging sector
- Relationship and engagement with our communities essential
- Safari in ideal position to enhance the consumer's experience through development of holistic business nodes
- Combined service offerings serve communities better and create value for all stakeholders
- Multi-amenity hubs save transportation costs

NATURAL RESOURCES

- Environmental impact considered with new acquisitions, expansions and refurbishment of existing centres
- Green building initiatives introduced to portfolio
- Solar panels installed
- Natural light and natural ventilation maximised
- Recycling of waste material and professional waste-sorting

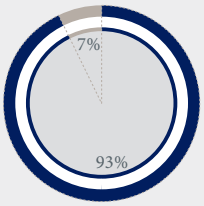
FINANCIAL RESOURCES

NAVPS (2016: 854 cents)	↑ 870 cents
EPS (2016: 46 cents)	↑ 83 cents
Total assets (2016: R2,2 billion)	↑ R2,65 billion

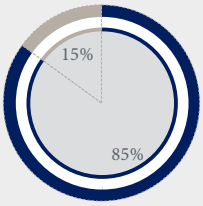
2017 PERFORMANCE OVERVIEW

GEOGRAPHICAL SPREAD

REVENUE



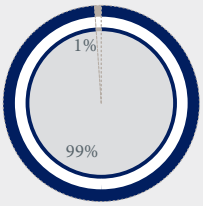
GLA



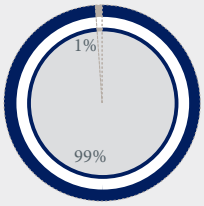
● Gauteng – South Africa ● Swakopmund – Namibia

SECTORAL SPREAD

REVENUE



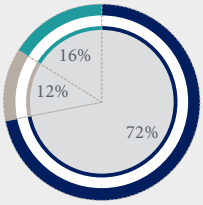
GLA



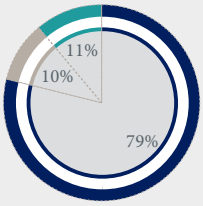
● Retail ● Health care

TOTAL TENANT MIX

REVENUE



GLA



● National tenants A (ZAR)
● National tenants B (ZAR)
● Other companies (ZAR)

CONTRACTED vs UNCONTRACTED

REVENUE

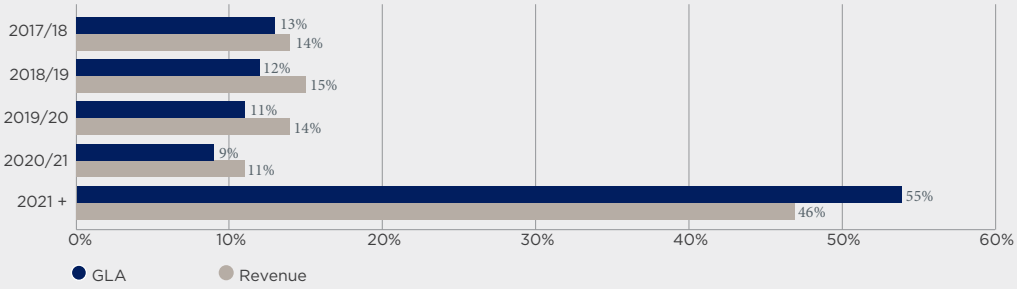
● Contracted revenue
● Uncontracted revenue

CONTRACTED vs UNCONTRACTED

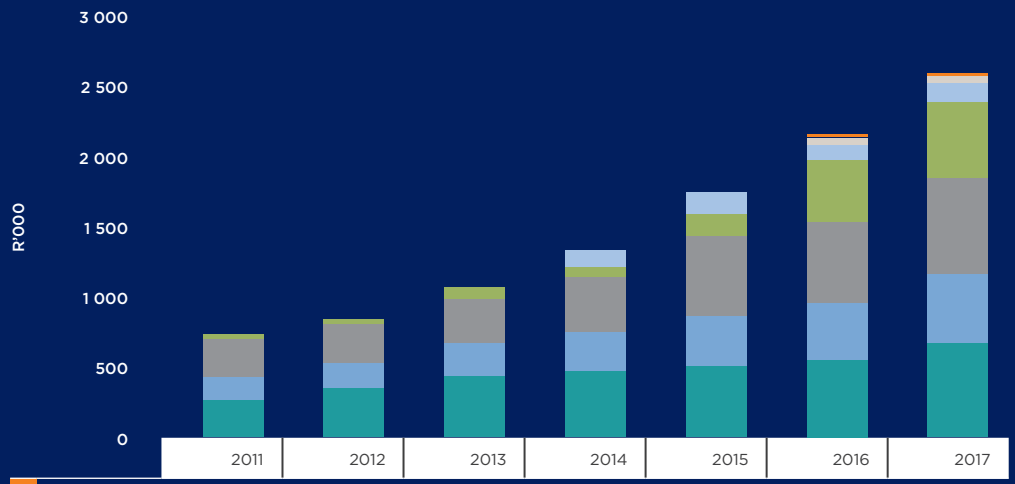
GLA

● Contracted revenue
● Uncontracted revenue

LEASE EXPIRY PROFILE OF THE PORTFOLIO

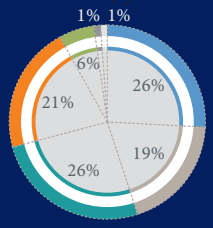


PROPERTY PORTFOLIO VALUE – R2,63 BILLION



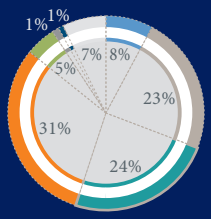
	2011	2012	2013	2014	2015	2016	2017
Lynnwood						40 795 247	39 200 000
Soweto						28 400 000	33 900 000
Victorian				135 000 000	142 500 000	143 500 000	154 600 000
Platz am Meer	16 166 139	43 000 000	67 734 614	74 472 613	156 900 000	412 571 973	547 444 938
Atlyn	260 000 000	274 900 000	321 700 000	373 100 000	557 000 000	596 421 982	674 148 436
Thabong	164 100 000	176 000 000	243 900 000	265 700 000	368 000 000	382 100 000	488 900 000
Denlyn	289 823 223	375 500 000	450 900 000	511 700 000	530 400 000	581 700 000	693 800 000

PORTFOLIO BREAKDOWN



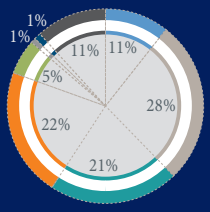
- Denlyn
- Thabong
- Atlyn
- Platz am Meer
- Victorian
- Soweto
- Lynnwood

PROPERTY INCOME



- Heidelberg
- Thabong
- Atlyn
- Mamelodi
- Mnandi
- Lynnwood
- Soweto
- Swakopmund

PROPERTY EXPENSES



- Heidelberg
- Thabong
- Atlyn
- Mamelodi
- Mnandi
- Nkomo
- Lynnwood
- Soweto
- Swakopmund

HOW WE DO IT

During the 2017 financial year, Safari continued to consistently reach milestones towards our strategy, underpinning our strong performance in recent years. We accomplished this by successfully completing new capital projects within approved budgets while negotiating good rental escalations and minimising operating costs. Efficient use of technology, together with professional management of Safari's properties, enabled the company to grow its property portfolio to over R2,63 billion this past year.

As part of Safari's strategy to increase profitability, achieve sustainable returns and create value, the Board reflects on current opportunities and strengths while simultaneously exploring ways to mitigate risks and threats. For example, uninterrupted trading hours at our properties are secured with backup generators capable of generating 1,2MVA during power failures. The installation of additional solar power-generating systems was completed at Platz am Meer Centre, generating a total of 0,5MVA.

The 2017 results reaffirmed the company's strategy to continue:

- improving the quality of our portfolio through selective re-development and upgrades of existing properties;
- adding value-added services to existing assets such as day-hospitals, filling stations and the like to operational shopping centres – sectors supported by strong national tenants and low maintenance cost due to having triple net leases; and
- accumulating a portfolio of high-quality, well-located income producing properties, through acquisitions.

Safari endeavours to finance new projects through a combination of debt and new equity, managing the debt portion of the company's financing strategy by accessing the existing bond facility. The new equity portion is introduced by general and specific issue of new shares, as well as giving existing shareholders the option to reinvest distributions proceeds (scrip dividend) for additional shares. Distributions are paid to shareholders bi-annually from the operational profit generated. During 2017 Safari issued a further 9,1 million shares by way of various scrip dividends and private placements, and the existing debt facility was increased to R900 million at an interest rate of prime less 1,05%. Safari is currently in a process to raise R760 million in new equity through a private placement process whereby approximately 100 million new shares will be issued to various new and existing shareholders, which is subject to approval from shareholders at a special general meeting. In terms of REIT legislation in South Africa, Safari may increase its debt to asset ratio to a maximum of 60%. During the 2017 financial year Safari maintained its debt to asset ratio level at 40% or below. The strong financial position and gearing level enable Safari to take advantage of new investment opportunities as they arise.

Safari's first mixed-use investment outside South Africa, the Platz am Meer Waterfront in Swakopmund, Namibia, opened its first phase retail centre and prime offices in September 2016. This development's second phase is on track for completion in July 2017, including a number of high-quality state-of-the-art residential penthouses and maisonettes with sea views.

Safari's lean and conservative structure with a small but talented and effective team and eight Board members enables us to pay a high proportion of profits as distributions. In addition, the lean structure enables Safari to react quickly to changing market conditions, and the liquidity of its financing provides Safari with the ability to transact quickly when necessary.

The core principles of Safari's business model are underpinned by its unique combination of attributes and its proactive management of its portfolio.

Intellectual resources

Safari has developed a significant pool of intellectual capital in-house, supplemented by our service providers. This gives us a competitive advantage in the industry and reinforces our ability to attract the desired calibre of skills to underpin long-term growth and the success of the business.

Excellence is achieved through areas of expertise which include consistency of management, proactive asset management, legal resources, leasing structures, information and technology management, and ongoing portfolio enhancement through extensions and refurbishments.

Our focus always remains the excellent management of assets, a process that starts as early as the development phase. The success of this approach is reflected in the recognition received in 2016 from CFI.co, where Safari was awarded **"Best Retail Property Investment Management Team in South Africa".**

Safari has a single integrated electronic property and financial management system, offering multiple benefits:

- Financial data (including accounting, leasing and retail information for all properties in our portfolio) is centrally stored and hosted for secure access anywhere in the world;
- Processes are standardised and more efficiently controlled;
- From a management perspective, the financial performance of each property, multiple properties or entire portfolios can be easily reviewed;
- Tenant and lease-related data can be viewed and compared throughout the portfolio;
- Footfall and tenant turnovers are centrally monitored across the portfolio; and
- Social media and high-speed wi-fi at centres facilitates timely communication and attracts more shoppers.

WHY WE DO IT
INVESTING IN COMMUNITIES: A REVOLUTIONARY START

As recently as 2004, Soweto, for example, contained an estimated 43% of Johannesburg's population but only some 3% of the city's retail floor spaces. Safari was one of the first organisations to invest in a major shopping centre located in an underdeveloped urban living area. We had a revolutionary vision and we were ready for our first investment in Mamelodi, Pretoria. At the time, considering the needs of the community was key, and this has remained a focal point for Safari in all our subsequent developments and investments. Strong relations with our communities are still ingrained in how Safari operates – we are deeply committed to understanding and having personal knowledge of the communities in the vicinity of our assets.

Today Safari has a strong geographic concentration in the emerging sector, in areas that were previously undeveloped and disadvantaged. Safari played a groundbreaking role in promoting quality assets that uplifted and benefited these communities, and continues to do so, by establishing desirable high-end shopping and services. Each business node that we created significantly reduces commuting time and cost associated with travelling to regional centres. This approach also alleviates the problem of unemployment and limited tradability of properties, resulting in significantly improved property values and opportunities for the communities in which assets are located. These locations have also been proved to offer attractive long-term rental and capital growth.

While boldly developing regional retail nodes in these areas, our awareness of the broad range of opportunities contributing to a thriving community grew. The initial development stage brings investment in local skills development via the developer. At commencement of trade many job and business opportunities come into being, together with the community's sense of pride in their new and modern business node. During the operational phase people continue to enjoy access to first-class shopping and services close to their homes. Finishes and aesthetics of Safari buildings are of the highest quality and national retailers trade extremely well in our centres. Trading densities continue to achieve or even surpass the national average figures every year. A growing consumer middle class, assisted by rapid urbanisation and shifting demographic trends, is actively driving property demand and growth opportunities in these areas.

With the recent addition to our portfolio of a day-hospital in Soweto, completed in partnership with Advanced Health Limited ("Advanced Health"), we realised the opportunity to deliver even more holistic assets that combine various service offerings to serve our communities better and ultimately create value for all our stakeholders.

THE BROADER CONTEXT

In general South Africa has a highly inefficient, inequitable and unsustainable spatial form. In most areas the urban complex is distributed over a large area, and residents have to travel long distances to access jobs, services and facilities.

The spatial restructuring of nodes under development is therefore of vital importance to us. It comprises the correction of overall ineffective spatial patterns so that the city and its people can function optimally and communities are served more efficiently. With this aspect in mind Safari strives towards an integrated planning approach – meaning we look at our investment opportunities in a broader context as opposed to studying site potential in isolation.

Based on this integrated approach, Safari aims to strengthen its existing retail nodes in their various locations by "re-developing" them into more holistic hubs, extending beyond retail products. We are in a position to provide other essential services to the community that also make business sense. Key to this aspect is the utilisation of available or state-owned land in

the vicinity of our centres. Safari is aware that these pockets of land have the potential to be upgraded into much-needed facilities.

We are in the process of identifying the demand for schools, crèches, clinics, small-scale governmental service offices, computer services and libraries in the immediate vicinity of our developed sites. We recognise a significant opportunity to partner with local municipalities to maximise returns, both economic and social.

South Africa is in the midst of a rapid population growth and urbanisation phase, with a growing middle class stimulating demand for retail space. With almost 2 000 shopping centres, spanning more than 23 million square metres of retail space, global peer comparisons suggest that South Africa has more retail space than demand dictates; but data proves that those shopping centres offering a broader mix (including national and international retailers, entertainment and catering/leisure) are attracting a growing number of shoppers. Township and rural centres have increased to almost 300, while the number of centres larger than 30 000 square metres increased from 36 in 1994 to 160 in 2014.

ECONOMIC IMPACT

Despite a challenging macro-economic backdrop, political uncertainty, currency volatility and changing interest rates, Safari reported a significant growth on property income and asset value for the financial year ended 31 March 2017.

South Africa's economic growth slowed further in 2017. From 2,2% in 2015 to 1,3% in 2016, the South African Reserve Bank projects GDP growth in 2017 to be 0%. Consumers are under pressure due to rising interest rates and inflation, as well as high levels of unemployment and indebtedness, translating into slowing retail sales growth.

In the challenging current economic climate, Safari is committed to strengthening its assets to their full potential and ensuring that nodes maintain their local dominance. This will restrain competitive schemes while at the same time bringing much-needed products and services directly to the people.

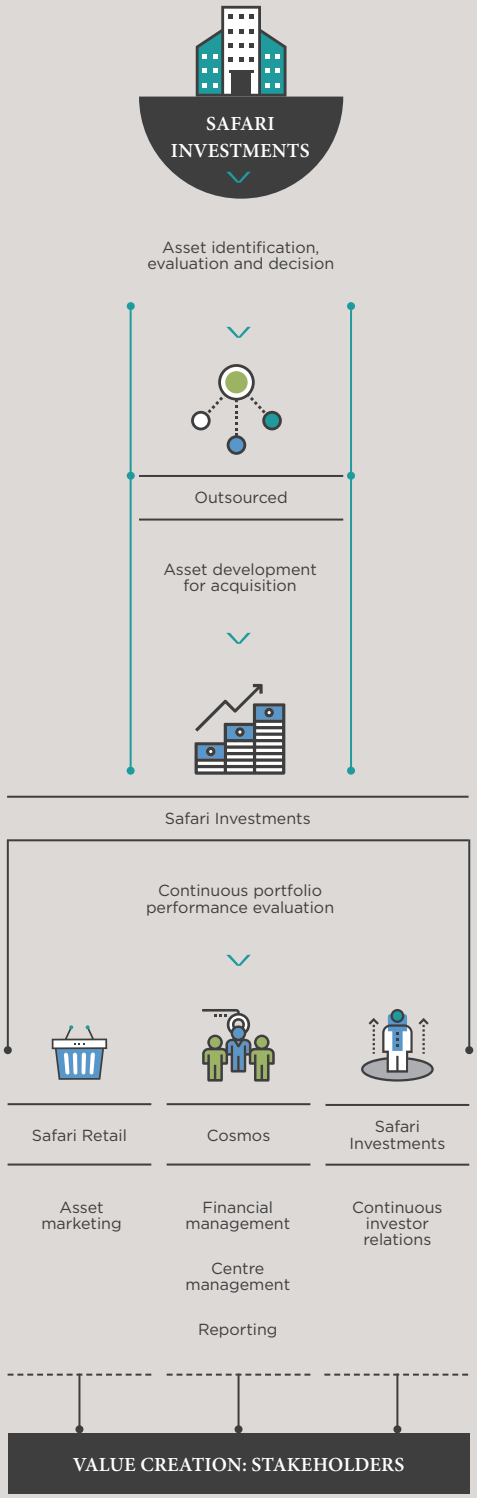
CONTINUED RESEARCH

In order to optimise our investments, an understanding of the market's immediate needs and demands is essential. Safari regularly conducts targeted research in the consumer markets located close to our centres. The survey findings are used as a guide in planning and managing operations with the aim of ensuring that the actual and diverse shopping and entertainment needs of the community are factored into upgrades and expansions in and around the facility. Through research we will continue to carefully determine how to integrate the market's needs into our centre upgrades and the development of nearby land pockets.

BEYOND OUR BORDERS

At Safari, our aim is to source only the most favourable investment opportunities. REITs in general are under pressure to produce short-term dividend growth although property is a long-term asset class. In order to better balance these short-term needs with long-term sustainability, many SA REITs have increased their exposure to international assets, with some 48% of the domestic REIT sector's total assets now based offshore due to limited domestic opportunities and relatively low European funding rates.

Safari sees substantial opportunities for investment in South Africa, but is also looking beyond our borders to consider prime opportunities that may emerge in Africa and Europe. The company's first international investment in Namibia – a new lifestyle waterfront development on the shoreline of Swakopmund – opened in September 2016.



HOW WE **ADD VALUE**

As an income-focused REIT, Safari creates value for investors and other stakeholders by investing in quality assets, benefiting from active asset management based on ethical leadership and sound corporate governance principles. This results in sustainable investments generating long-term capital and income growth.
Safari's pursuit of sustainable value creation incorporates economic prosperity, social responsibility and environmental protection.

RISKS

Slowing consumer spend affects trading densities and rent ratios

Competitors infiltrating the market affects trading densities and rental escalations

Rising cost of occupancy for tenants due to increasing municipal services tariffs

OPPORTUNITIES

Pursue appropriate yield enhancing, quality acquisitions in emerging markets

Use tenant lease expiries to improve the tenant mix in our shopping centres

Unlock value-added services crucial to emerging markets

A key part of Safari's business model is utilising its property portfolio to secure and fund its growth; and therefore Safari will always strive to actively pursue ways to maintain or enhance the quality of its existing assets.

As a quality investment fund the primary focus is excellence in operational management and to continue efforts to enhance the quality of the portfolio through re-development and upgrades to existing assets as well as by rolling out value-added services (day-hospitals, offices, filling stations etc.).

We rely on our development pipeline and acquisitions carefully sourced and assessed by the Investment Committee to reach our growth targets. During the 2017 financial year Safari comfortably reached its goal to exceed the R2,6 billion asset value mark with its latest development, Platz am Meer Waterfront, being completed and incorporated into its income-generating property portfolio.

With existing projects such as the third retail centre in Atteridgeville, Pretoria now under construction and the development of prime office space in Lynnwood, Pretoria, in our pipeline, the company is confident that it will maintain a positive and healthy growth rate.

Construction of Nkomo Village in Atteridgeville is underway, which will include Safari's first filling station and a second to be constructed at Mnandi Centre. A 1,3ha prime property situated in Lynnwood, Pretoria is earmarked for an office development of some 10 000m^2 and several medical institutions have already shown a keen interest, which could see a second day-hospital in the Safari portfolio. Safari will continue to explore similar opportunities to grow our assets into holistic nodes that combine various service offerings to serve our communities better.

Safari will also continue to investigate possible investment opportunities in southern Africa as well as across our borders in Africa and Europe in order to diversify geographically.

Value creation through contracted parties

HOW WE **ADD VALUE** continued

1 PROPERTY DEVELOPMENT AND PROCUREMENT AGREEMENT

Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited ("Safari Developments") are private companies which conduct the business of identifying possible commercial property for development opportunities; assessing the feasibility of such projects; procuring, if necessary, all the requirements for a successful development; and acting as project managers to complete the construction. Safari Developments has developed commercial properties, creating opportunities for smaller investors to benefit from the growth and income of rentals which provide better for capital growth than inflation and at low risk. A team of specialists forms the heart of Safari Developments and has been executing projects for many years. Each member plays a unique role in the development process; and by combining their fields of expertise the members ensure that each project is delivered within the specified parameters.

Managing Director: Jannie Verwayen
Telephone: +27 12 365 1881
Email: jannie@matlaqs.co.za

2 MARKETING

Safari Retail Proprietary Limited ("Safari Retail") is a direct contracted party to the group and assists with the leasing and proper tenanting of vacant space in the existing properties within the group's portfolio.

Leasing Manager: Erika Buys
Telephone: +27 12 346 1889
Email: info@safari-investments.co.za

3 PROPERTY PORTFOLIO MANAGEMENT AGREEMENT

The management of all properties owned by the company is done in terms of an agreement with Cosmos Management CC ("Cosmos"). Cosmos is responsible for the facilities management of all the centres in the company's portfolio. This comprises functions such as financial bookkeeping, auditing processes, rent collection, monthly financial and management reporting, and centre management, which includes management of contractors responsible for the cleaning, waste management, pest control and security at the centres and ensuring tenant satisfaction. Each property has a dedicated centre manager who reports to head office. The objective of Cosmos is to manage each centre to perform optimally in terms of trade and tenant mix.

Manager: Francois Joubert
Telephone: +27 12 365 1865
Email: francoisj@cosmos-management.com

4 ELECTRICITY, METER READING AND ELECTRICITY ACCOUNTING SERVICES AGREEMENT

African Electrical Technologies Proprietary Limited, trading as Loadman ("Loadman"), is contracted by Safari to supply the tenants in its centres with electricity and provide the services of meter reading and proper accounting of such usage by the tenants. Loadman has played an integral part in Safari's business, in that it has assisted with the installation of generators at all the centres, which proved to be a major benefit to tenants as well as the community, as all the centres are fully operational during power failures. Together with Loadman, the company succesfully installed solar panels at three of its retail shopping centres which are operational. The expected yield on this investment is 12,5%.

Director: Peet Olivier
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ANNUAL PERFORMANCE REVIEW

CASE STUDY

Minimising the environmental impact in our retail centres with green initiatives.

The objective

Innovative design to reduce the environmental impact of our shopping centres and improve operating efficiencies to enhance shareholder returns.

The solution

Our centres are strategically located near major transportation nodes, for the convenience of customers, where historically such services have been scarce in these areas. Many of our customers rely on public transportation, allowing us to reduce the area required for private parking bays and increase the available retail space significantly.

In line with our reduction in environmental impact strategy, the Board approved the installation of photovoltaic panels to the roofs of our centres in 2016. The photovoltaic panels have been installed at the majority of our centres, with the remaining centres to be upgraded by 2018.

The impact

Customers benefit from time and transportation cost savings with the location of our centres. The natural light and fresh air of the centres further encourage consumer patronage.

The photovoltaic panels, together with the innovative design of naturally illuminated and ventilated walkways of our centres, have reduced our dependency on the electricity grid to generate sustainable savings in operating costs.

We are currently looking at further environmental sustainability initiatives to reduce our carbon footprint, *inter alia* harvesting rainwater.

Capitals

- Natural
- Manufactured
- Financial

Stakeholders

- Investors
- Tenants
- Customers

CHAIRMAN AND CHIEF EXECUTIVE OFFICER'S REPORT

Safari's aspiration is not to follow the competition, but to exceed our own expectations, to break our own records; to ensure that our positive impact on our tenants, shareholders and society at large is greater this year than last.

The exceptional qualities and resilience of Safari's operations delivered another year of positive results. Our unique portfolio in key locations showed sustained growth despite uncertainties in the current political and economic climate. **Listed as a retail-focused REIT on the JSE, Safari is aware of the benefits targeted by investors in selecting this investment vehicle.**

Our experience at Safari has been that the primary focus on retail produces higher distribution growth than residential, office or industrial specialised properties can deliver. **Retail produces a more predictable rental income stream and thrives under hands-on revenue–enhancing asset management.** As consumers demand a higher standard of shopping experience, more choices, convenient access and quality brands together with new supply and selective redevelopment opportunities continue to be triggered; but location remains critical. While large metropolitan malls may not currently be the most compelling investments, we find that a fair measure of opportunities remain for the underdeveloped urban retail market in South Africa. Safari is proud to be a REIT in this arena and while the preference for the retail sector remains, we will continue with this focused approach.

1 **April 1991:** Four founding members started with their first development that eventually became Safari Investments

2 **June 2001:** Commenced development of 15 000m² shopping centre in Mamelodi which expanded to be a 43 450m² regional centre today

3 **December 2006:** Opened Atlyn Centre phase 1 with 22 000m², this node in Atteridgeville today exceeds 50 000m²

4 **November 2007:** Safari opened its third shopping centre in under-developed urban areas, Thabong Centre in Sebokeng

5 **September 2009:** Three separate private Safari companies amalgamated into a public company with approximately 170 shareholders

Dr JP Snyman
Chairman

FJJ Marais
Chief Executive Officer

We are pleased to share our highlights for the year:

- The portfolio increased at approximately 20% per year from listing on the JSE in 2014 to R2,63 billion today;
- Our vacancy factor improved from 4% to 2%;
- National retailers occupy approximately 90% of our portfolio space – a foundation for sustainable and reliable income streams;
- Property revenue year-on-year increased by 20% to R203,4 million for the year;
- Operating profit of R145 million, a 17% increase for the year; and
- 82% of operating profit distributed to shareholders with a next distribution due July 2017 of 34 cents per share.

Apart from closely monitoring the performance of the portfolio, we addressed its quality and aesthetics during the year. We work closely with our consultants, local authorities and communities to create facilities characterised by quality design and with efficient transport links to jobs and amenities. During the year we launched a complete fibre network and connectivity infrastructure for the property portfolio, providing high-speed reliable fibre to the facilities. High-speed wi-fi on site with access to tenant and retailer information adds significant value to a facility, not only for our tenants but also for us as landlord. Our ability to conduct real-time market research directly impacts the services and solutions we can integrate into our offering to tenants.

In October 2016 we celebrated the grand opening of Safari's first cross-border investment, the Platz am Meer lifestyle centre in Swakopmund and landmark investment for Namibia. The development offers opportunities, employment, and business initiatives for the people of Namibia; and, with 84% national brands, is already trading beyond expectations.

With an opportunity rich portfolio, an excellent pipeline of projects is underway. Earthworks for the new Nkomo Village Centre in Atteridgeville commenced during this financial year and the development is set for completion during quarter 4 of 2018. New properties are sourced carefully with an emphasis on quality and sustainable income streams, with prime development opportunities often centred around existing assets.

Being selective in our acquisitions, we prefer to consider well located properties in popular underdeveloped nodes where there is long-term value. For this reason we need to act swiftly when quality opportunities arise. Access to stable funding and committed financial resources is essential.

6 **January 2014:** Safari acquired The Victorian Centre in Heidelberg

7 **April 2014:** Safari Investments RSA Limited listed on the JSE as a Real Estate Investment Trust

8 **August 2015:** Diversification of property portfolio with the acquisition of the portfolio's first private day-hospital in Soweto

9 **September 2016:** First investment outside South African borders commenced trade, Platz am Meer Waterfront in Swakopmund, Namibia

10 **March 2017:** Safari reaches a portfolio value of R2,63 billion

CHAIRMAN AND **CHIEF EXECUTIVE OFFICER'S** REPORT
continued

As a result of the project pipeline, which is still in an aggressive growth phase, our gearing ratio increased in the financial year to temporarily higher than the 40% mark as per our strategy. This ratio should decrease to approximately 14% once the new capital raising process is finalised. The Board approved a private placement share issue at R7,60 subject to shareholder approval, raising R756 600 011 in equity. Investors participating include current shareholders Stanlib, Grindrod, Safarihold, WDBH Investments and a new investor with whom Safari is proud to be associated, Southern Palace Capital. The new capital raise should bring the NAV to approximately R2,4 billion and we anticipate improvement in liquidity of our share. **We realise that good management of our debt level is now key in order to maintain steady growth.**

The company welcomes the appointment of new financial director Willem Venter on 1 April 2017. He previously served as Safari's property portfolio manager and brings a wealth of experience and hands-on knowledge of the Safari assets, now serving as a board executive. We wish former director Zach Engelbrecht all success in his future endeavours and thank him for his dedication to the company over the past two years.

We thank the entire Board for their support and determination to see our company reach new heights. We want to thank our shareholders for their continued support and confidence. We further extend our appreciation to our business partners, advisers, customers and suppliers for their ongoing support and loyalty to Safari. It is a privilege to lead a company surrounded with such talented and optimistic people.

At Safari, we recognise that the quality of a development has a direct impact on people's wellbeing. Our business cannot be only about creating prime property nodes; we want to create places that will be enjoyed and nurtured by communities for years to come. We welcome you to take a walk through our successes, challenges and milestones in the following pages.

JP Snyman
Chairman

FJJ Marais
Chief Executive Officer

21 June 2017

FOUR YEAR **FINANCIAL REVIEW**

	2017 R	2016 R	2015 R	2014 R
Property revenue	**203 426 979**	169 055 147	140 398 218	112 412 548
Property revenue year-on-year (%)	**20**	20	25	
Operating expenses	**61 471 158**	48 587 394	38 156 921	45 953 375
Operating expenses year-on-year (%)	**27**	27	(17)	
Operating expenses as % of property revenue	**30**	29	27	41
REIT distribution	**118 939 056**	119 926 850	91 800 000	–
REIT distribution year-on-year (%)	**(1)**	31		
Investment property	**2 421 549 684**	2 054 690 350	1 737 745 309	1 379 152 614
Investment property year-on-year (%)	**18**	18	26	
Portfolio value	**2 650 701 000**	2 219 368 430	1 797 796 489	1 533 161 396
Portfolio value year-on-year (%)	**19**	23	17	
Inventory	**175 003 438**	96 905 412	36 632 037	19 017 144
Inventory year-on-year (%)	**81**	165	93	
Vacancy (%)	**2**	4	1	1
Total built area (m^2)	**186 017**	153 300	139 950	124 925
Total built area year-on-year (%)	**21**	10	12	

PROPERTY PORTFOLIO

ATLYN

Atteridgeville (cnr Phudufufu and Khoza Street)

Total built area
41 200m²

Investment value
R484 400 000

National tenants
90%

Occupancy levels
100%

Trading density
R30 500/m² p/a

Trading since
2006

Number of shops
95

Major tenant
Shoprite

MNANDI

Atteridgeville (Maunde Street)

Total built area
10 550m²

Investment value
R103 500 000

National tenants
86%

Occupancy levels
93%

Trading density
R18 100/m² p/a

Trading since
2015

Number of shops
31

Major tenant
Pick n Pay

DENLYN

Mamelodi (cnr Stormvoël and Maphalla Road)

Total built area
43 450m²

Investment value
R693 800 000

National tenants
91%

Occupancy levels
100%

Trading density
R43 600/m² p/a

Trading since
2003

Number of shops
109

Major tenant
Shoprite

THABONG

Sebokeng (Moshoeshoe Street)

Total built area
43 100m²

Investment value
R488 900 000

National tenants
89%

Occupancy levels
100%

Trading density
R24 100/m² p/a

Trading since
2007

Number of shops
104

Major tenants
Superspar
Pick n Pay

Safari has acquired a portfolio of dominant retail centres, focused on the high-growth areas. The superior performance of these centres is evidenced by a low vacancy factor and higher than average trading densities across the portfolio as well as the strong rental escalation achieved over the past three years. Moreover, rental income is largely underpinned by long-term leases from national retailers.

THE VICTORIAN

Heidelberg (cnr Voortrekker Street and Jordaan Street)

Total built area
15 400m²

Investment value
R154 600 000

National tenants
95%

Occupancy levels
96%

Trading density/m²
R42 200/m² p/a

Trading since
1997

Number of shops
40

Major tenant
Pick n Pay

PLATZ AM MEER

Swakopmund, Namibia (cnr Albatros and Tsavorite Street)

Total built area
29 500m²

Investment value
R547 444 938

National tenants
84%

Occupancy levels
91%

Trading density/m²
R32 200/m² p/a

Trading since
September 2016

Number of shops
70

Luxury apartments
36

Major tenant
Checkers

SOWETO DAY HOSPITAL

Soweto (R558, Protea Glen)

Total built area
2 817m²

Investment value
R33 900 000

Lease term
10 years

Rental escalation
Year 1: 15%

Operational since
January 2016

Number of beds
20

Major tenant
Advanced Health

NKOMO VILLAGE

Atteridgeville (49 Tlou Street)

Total built area
Under construction
20 533m²

Investment value
R86 248 436

Construction budget
R314 434 603

Trading since
Under construction

Number of shops
70

Major tenants
Pick n Pay
Boxer

RISK MANAGEMENT

The successful management of risk is essential for the group to deliver on its strategic priorities. Governance of risk is the Board's ultimate responsibility, including determining the risk appetite and tolerance levels as well as the approval of the risk strategy, policy and framework.

Our organisational structure, with close involvement of senior management and core service providers, is designed to align Safari's interests with those of shareholders in all significant decisions, underpinned by our prudent and analytical approach.

The objective of risk management is to identify, assess, manage and monitor risks to which Safari is exposed. The Board, together with senior management, has set risk strategy policies. A comprehensive risk register is in place, which is supported by policies that have been reviewed by the Board.

Safari's overarching risk appetite is defined in the context that we focus on what we know – quality retail property investments. Safari has a disciplined approach to managing our operational risk, in particular our development exposure. We take cognisance of market conditions whilst always maintaining low financial risk with conservative financial leverage.

The Board has delegated to the Audit and Risk Committee the responsibility to design, implement and monitor risks; and for management to ensure that the group manages risks appropriately (see the Audit and Risk Committee Report on page 66). In order to measure, review and assess the company's risk profile, the Audit and Risk Committee sets our parameters, which consider, amongst others, operational functions, financial gearing, interest cover, level of speculative and total development exposure, and external or internal macro and micro economical climates. These parameters are assessed quarterly by the committee and any risks identified are reported at Board meetings.

Our approach to risk management involves:

- aligning risk appetite with the company's strategy to improve active monitoring of risks;
- enhancing risk response decisions through proactive management of identified risks;
- reducing operational losses by gaining enhanced capabilities to identify potential events and establish responses;
- identifying and managing multiple cross-enterprise risks; and
- seizing opportunities by identifying a full range of potential events.

RISK ASSESSMENT

During the year ended 31 March 2017, the Executive Committee, the Audit and Risk Committee and the Board carried out continual assessments of the risks facing the group, including those that present potential threats to our business model, future performance, solvency and liquidity. In addition, the controls in place to mitigate risks and the effectiveness of key controls were evaluated.

Our risk philosophy recognises the importance of risk management and the appropriate balance as an integral part of generating sustainable value and enhancing stakeholder interests.

A strong vision, mission and strategy and a high level of awareness at operational level supports the risk management policies. Risk management cannot eliminate risk completely, but rather provides a process and structure to continuously identify, assess, evaluate and manage risk. Risk management forms part of Safari's policy framework and is embedded in our overall governance.

The identification of key risks entails a systematic, documented assessment of the processes and outcomes surrounding these risks and addresses our exposure to physical and operational risks, human resource risks, technology risks, business continuity and disaster recovery, credit and market risks, and compliance risks.

The Board has set Safari's risk appetite and risk tolerance levels and is committed to reporting on instances where risks fall outside these limits. The table commencing on page 24 sets out these limits and tolerance levels as determined by the Board. The Board is satisfied with the effectiveness of the risk management policies and procedures that are in place.

No material deviations from the risk tolerance limits have occurred during the reporting period. Furthermore, the Board is not aware of any current, imminent or envisaged risk that may threaten Safari's long-term sustainability.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise			
Risk	Description	Stakeholders affected	Health and safety	Environment	Legal and compliance	
Operational risk	Natural disasters: Storms and heavy rainfall, floods and fire	Investors and financiers Tenants Shoppers Local communities	✓	✓		
	Political risk: Riots, looting etc	Investors and financiers Tenants Shoppers Local communities Employees Suppliers			✓	
	Insurance	Investors and financiers Tenants Shoppers Employees	✓		✓	
	Internal controls for bank payments	Investors and financiers Tenants Employees Suppliers				
	Information system management and data loss/backup	Tenants Local communities Employees Government and regulators Suppliers				
	Security at centres to ensure safety	Tenants Shoppers Employees Suppliers	✓			
	Node obsolescence (deterioration of neighbourhood resulting in a decline in property value) and competing centres	Investors and financiers Tenants Shoppers Local communities		✓		
	Disruption of local services (power failures, water cuts etc.)	Tenants Shoppers Local communities				

	Consequence should risk materialise			Mitigating controls
	Community and reputation	Operational impact	Financial	How we identify or monitor the risk
		✓	✓	Monthly inspections of fire-fighting equipment, ensuring tenants adhere to council regulations relating to fire safety such as stacking heights, escape routes not obstructed etc. Insurance in place and buildings are constructed with fire walls preventing fires from spreading from shop to shop. Emergency evacuation plans are in place and we have designated and well marked emergency assembly points.
			✓	Security on site and in case of riots etc guarding complement is increased. Our centres are designed so that the entire property can be locked with access gates in emergencies.
	✓			Insurance policy and annual renewal process in place. Service providers have strict site operating procedures when cleaning, for example. Indemnity notices are visible at each entrance. The insurance policy and extent of cover are assessed and renewed on an annual basis. Exco reviews the final terms.
			✓	Financial Manager loads payment on online banking and only the Financial Director can release the payments with One Time Pin authorisation sent to CEO's cellphone. Financial Director will only release payments with approved invoices (signed by two members of the Board).
		✓		Daily backups on a central server and an off-site server. Our IT service provider is constantly upgrading and updating our firewall and antivirus software. Employees' access to data is restricted to the minimum. Original documents (hard copies) are securely stored in a fireproof safe.
	✓			24/7 security on site and operating in accordance with site operating procedures.
		✓	✓	We closely monitor our competitors in the vicinity of our centres. Centre managers also play an integral part in this process.
	✓	✓		All our properties are connected to sufficient backup power (generators) and water tanks in the event of power failure or water shortage. We have a service agreement to service and maintain the generators. Tenants are invoiced additionally for usage per month.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise			
Risk	Description	Stakeholders affected	Health and safety	Environment	Legal and compliance	
Business risk	Vacancies in properties, tenant retention and tenant mix	Investors and financiers Tenants Shoppers Local communities Employees				
	Tenant risk: Tenants fail to pay rent, bad debt collection	Investors and financiers Tenants Employees Suppliers				
Financial risk	Interest rates	Investors and financiers				
	Cost of capital for developments	Investors and financiers Tenants				
	Liquidity risk: Bank credit, funding, credit rating	Investors and financiers			✓	
	Ability to maintain distribution growth	Investors and financiers				
	Cost control and head office expenses	Investors and financiers Employees				

	Consequence should risk materialise			Mitigating controls
	Community and reputation	Operational impact	Financial	How we identify or monitor the risk
	✓	✓	✓	Cosmos Management initiates renewal negotiations six months in advance. Safari Retail advises on market-related rentals and escalations and average rentals per square metre for our centres. Emphasis is placed on retention of tenants. Regular contact takes place with tenants and external leasing brokers (Safari Retail). A leasing strategy is in place with regard to tenant retention, tenant mix and data analysis. Shopper surveys are conducted every two years to ensure market demands are met. Safari Retail continuously assesses the tenant mix and approaches specific tenants to complement existing tenants. Centres are well managed and trading densities are currently above market average for most of the centres.
			✓	Lease deposit and suretyship on all lease agreements are mandatory. Debt collection processes are followed internally for late payers, interest is levied on late payments. Letters of demand are sent immediately when rental is late and handed over to attorney for recovery should the breach not be ratified.
			✓	Loan to asset ratio is restricted to 40% in exceptional short-term periods with a conservative view to maintain the ratio below 30%.
			✓	Investment Committee considers acquisitions after completion of thorough due diligences, which are thereafter recommended for purchase to the Board. Selling prices are approved by the Investment Committee, which makes recommendations to the Board. Annual valuations are carried out.
			✓	Multiple and varied sources of debt capital are in place. Reduced and manageable tranches of debt expiring at any one point in time is implemented. Availability of unencumbered assets provides security for additional debt. Retaining funds through distributions declared with an option to reinvest, with an average participation of 20%.
			✓	Centres are managed in such a way as to ensure a high-quality income stream. New acquisitions or developments approved above certain yields to ensure growth and sustainable income stream.
			✓	Service agreements with core service providers are calculated on a fixed fee based on a percentage of turnover. Operating strictly in line with an annual operational budget reviewed and approved at Board level. Additional and unforeseen expenses of any kind must be approved by the Board.

RISK MANAGEMENT continued

Safari Investments risk register			Consequence should risk materialise			
Risk	Description	Stakeholders affected	Health and safety	Environment	Legal and compliance	
Management risk	External management function of assets to enhance value and maintain high integrity income stream: Outsourced to Cosmos Management and Safari Retail	Investors and financiers Tenants Local communities Employees Government and regulators		✓	✓	
Development risks	Building design (safe and easy maintenance)	Investors and financiers Tenants Shoppers Local communities	✓	✓		
Board risk	Board composition, conflict of interest, succession planning, collective skill set requirement and shareholder relationship	Investors and financiers				
Governance and corporate compliance risk	Statutory and regulatory compliance	Investors and financiers Local communities Employees Government and regulators			✓	

	Consequence should risk materialise			Mitigating controls
	Community and reputation	Operational impact	Financial	How we identify or monitor the risk
	✓	✓	✓	Our Executive Committee is tasked with the management of all service providers. Service level agreements are in place with Comos Management to provide property portfolio management services and with Safari Retail to provide leasing services. Service levels are measured according to contract terms on a monthly basis. Exco manages expenses with regard to repairs and maintenance of the centres and benchmarks the trading of the centres against similar centres of competitors. 80% of our tenants consist of 19 national retailers and Safari Retail employees meet with the representatives of these national retailers at least twice a year to update them on our portfolio and to build a good working relationship.
		✓	✓	Our centres are designed and constructed strictly according to building regulations and applicable legislation; the cleaning and maintenance is monitored by Cosmos Management in terms of a service level agreement with a dedicated centre manager on each site and an operational manager for the Safari portfolio. The development manager oversees all new development/ refurbishment projects under direct control of the CEO. Project managers and leasing consultants report directly to Exco. Monthly internal and site meetings are conducted to monitor progress of projects. Development proposals are considered by the Investment Committee, which recommends acquisitions to the Board – construction can only commence once the leasing of the development reaches 75% of GLA. Insurance cover is also taken where appropriate.
	✓	✓	✓	The Board complies with King III, JSE Listings Requirements and Companies Act relating to board composition, independence and committee structure. A succession plan is in place for executive Board members and key members of senior management. The Board and senior management have an annual strategy session in addition to quarterly Board meetings. New appointments are executed with care and preceded by a needs analysis. New candidates are purposefully recruited, interviewed and carefully assessed. Attendance at IoDSA membership and other seminars is encouraged to enhance skills. The annual general meeting is an opportunity to address queries from shareholders. Code of ethics, delegation of authority, conflict of interest and various other company policies in place. Objective decision-making in case of potential conflict with full record of motivation.
	✓		✓	A full-time Financial Director and inhouse Company Secretary as well as Safari's auditors, attorneys and sponsor are engaged on an ongoing basis. Full compliance with JSE regulatory frameworks is ensured through a solid system of control.

STAKEHOLDER ENGAGEMENT

Engaging with stakeholders (employees, investors, financiers, local communities, tenants and suppliers) is a critical part of any successful business strategy. Safari is committed to determining their needs and responding appropriately.

Stakeholder	Focus area	Engagement
 Employees	• Fair remuneration • Safe and enjoyable work environment • Career development and training • Equity participation • Short-term and long-term incentives	• Good clear communication • Formal evaluations by management, peers and subordinates • Open-door policy with all senior management • One-on-one meetings with human resources consultant • Concerns addressed by human resources consultant as they arise • Flexible working hours where possible • Weekly staff meetings • Email and telephonic communication • Induction, training and development
 Investors and financiers	• Distribution growth • Capital appreciation • Solvency and liquidity • Timely servicing of debt • Credit quality of tenants • Portfolio value • Credit rating • Property vacancy levels • Transparency of financial results and position • Share price performance • Calibre of management • Strategy execution • Portfolio growth • Accessibility of management • Timely information on key developments • Succession • Corporate governance	• Monthly reviews of the shareholder register to identify shareholding changes • CEO and FD regularly engage with financial media and investors • Good relationships maintained with funding institutions • Regular meetings with senior management • Tenant credit ratings • Interim and annual results announcements • Provision of information to financial markets • Regular communication with institutional shareholders and equity analysts • Press announcements • Executive directors and Group Company Secretary are available to answer queries from shareholders • Investor presentations • Roadshows • One-on-one meetings • JSE SENS announcements • Media announcements • Website • Surveys • Site visits • Marketing material • Email notifications and quarterly newsletters

Stakeholder	Focus area	Engagement
Local communities	• Impact on infrastructure and access • Security and safety • Community development and upliftment • Environmental impact • Responsible corporate citizenship	• Quarterly newsletters and advertising • Sponsorship and promotion of community events and organisations • Support of local charity projects • Partnerships with local schools and other corporate social investment projects • Involvement in community organisations and city improvement districts • Significant contributions to city rates and taxes
Shoppers	• Tenant mix improvement to enhance shopping experience • Mall cleanliness • Safe and secure shopping environment • Easy access to centres • Convenience • Value-added services	• Careful consideration of tenant • Marketing, promotions and social events • Shopping centre websites and social media platforms • Dedicated on-site centre managers • Print media, newsletters • Effective management of security and cleaning service providers • Maintenance at centres is an ongoing process and priority to our portfolio manager • Mall branding • Free wi-fi • Centres are designed with a focus on security and safety of shoppers
Tenants	• Rental costs • Location in centres • Tenant mix improvement • Initiatives to enhance shopping experience and attract shoppers • Changes in consumer spending • Increased competition • Rising operating and municipal costs • Mall cleanliness, security and maintenance • Tenant/landlord communication	• Weekly visits by property portfolio manager • Customer satisfaction and shopper surveys • On-site centre management team available to tenants • Cost-saving initiatives such as the solar panels in respect of power and waste • Green building principles • Property maintenance and refurbishments • Trained security personnel • Print, web, social media, telephonic communication • Events • One-on-one meetings • Recycling
Government and regulators	• Employment equity • Environmental impact • JSE Listings Requirements and legislation • Tax compliance	• Regular meetings with relevant regulatory authorities • Timeous completion of all tax returns • Compliance and adherence to relevant regulatory frameworks
Suppliers	• Reasonable payment terms • Equal opportunities • Fair and transparent tender processes	• Weekly meetings with top management of major service providers and suppliers • Service level agreements

SUSTAINABILITY REPORT

Safari's intention is to maintain a company culture of excellence in environmental, social and governance (ESG) issues. With good reason, investors are increasingly considering this trio of sustainability factors when deciding where to invest their capital.

Safari believes that a REIT that can fully integrate sustainability into its operations will manage risks better and create competitive advantages beyond utility cost savings. Such an investment in sustainability will pay off for shareholders by enhancing operational performance and lowering risk exposure and volatility.

ENVIRONMENT, HEALTH AND SAFETY

At Safari, we draw on our expertise and experience to establish assets that have a positive impact on the environment and are created in the interests of health and safety. The group relies on our skilled team of professionals to focus on these aspects through innovation and research during the design and construction phases of projects.

Safari's centres are designed for optimal use of natural light and ventilation in public areas and we have successfully installed solar panels at four of our centres. Unlike traditional malls, which are sealed off from the environment by air-conditioned corridors, Safari's centres are naturally ventilated with open walkways. The Swakopmund development, for example, takes full advantage of its position in the climatically cool coastal zone by having no need to introduce artificial cooling and air, but absorbing natural ventilation through its internal walkways. Furthermore, the roof allows natural light to filter through, illuminating the walkways during daytime and saving precious energy by reducing the centre's dependence on the electricity grid.

Recycling of waste materials is also an important focus area for Safari. Professional waste-sorting contractors have been appointed at all centres to ensure that the maximum amount of waste materials are recycled.

Health and safety of employees and other stakeholders is of paramount importance to Safari and the property managers, who ensure that operations are conducted with a view to providing a safe and healthy environment for tenants and their customers. Fire-fighting equipment and certificates for ventilation systems and extraction units at all properties in the portfolio are up to date.

While Safari is a relatively small REIT, we are committed to our ESG values and intend to increasingly monitor our activities in relation to our sustainability. We recognise that integrating these aspects across our business practice is crucial for the continued growth of the company and for broad-based stakeholder value creation over the long term.

OUR CULTURE AND PEOPLE

The Safari culture is entrepreneurial and pragmatic, with high-level involvement from the executive directors as well as the Safari Retail and Cosmos Management consulting teams. We emphasise cross-disciplinary teamwork and recognise the benefits of a positive and collaborative culture. Success at Safari is always the result of the contribution and smooth interaction of every member of the team. With an attractive pipeline of quality investments and assets to manage, our company is on a positive growth trajectory. As our portfolio grows, it is key that we retain what is unique and best about Safari whilst at the same time evolving in line with market trends and technology so we can continue to deliver outstanding results.

BEE

The Board has resolved to obtain a formal BEE rating through SEESA for the next financial reporting period.

Considering the Broad-Based Black Economic Empowerment Act and the Property Sector Transformation Charter, Safari is ideally positioned to empower previously disadvantaged and under-resourced communities. A real estate investment by Safari, whether a new retail node or a day-hospital, brings immediate upliftment to the local community by enhancing basic infrastructure and, in turn, catalysing general investment and business in these areas. Safari's developments also create opportunities for smaller, black-owned entities in the construction industry to participate in the company's development projects. Safari thereby contributes to skills development within the construction industry as well as employment in local communities. Once the construction phase of a project is completed, many permanent job opportunities arise and people are afforded the chance to enter the competitive retail market, either through franchises or directly in their own right. This creates an environment which is attractive and accessible to emerging black entrepreneurs.

SOCIAL RESPONSIBILITY

Safari values its contribution to the ongoing creation of investment, business and employment opportunities by the establishment of prime retail nodes in Africa. We have identified a partnership opportunity for local municipalities to maximise returns (both economical and social) by involving council and community members at the planning stages. The success or failure of addressing South Africa's infrastructure and unemployment lies increasingly in the ability of government and business to work effectively together in partnership. Safari believes no economy can grow by excluding any group of people, and values equal opportunity and diversity in the industry, and to build the potential of the communities where we operate. It is only by bringing services and creating quality assets in all communities that South Africa will achieve economic empowerment within the context of a broader national empowerment strategy.

Job creation is not only critical in South Africa, it is also a focus area of the group. Each centre manager keeps a register of job applicants, and tenants are encouraged to consider appointing these locals from the pool to fill job vacancies. We also instruct our service providers, such as cleaning and security contractors, to employ suitable candidates from the surrounding communities.

During construction periods, the building contractor is encouraged by Safari to employ people from the local community after providing them with the necessary training. Jobs and skills are thus developed through the construction phases of Safari's centres. This has also proved to create good relations with the community and a positive attitude and sense of ownership towards the centres from the people of the community.

The presence of Safari's shopping centres not only creates jobs, it also provides a one-stop shopping destination for the community at large. Community members no longer have to travel long distances to town for shopping, banking and entertainment, since Safari's centres offer an extensive range of conveniently located national fashion, food, entertainment and banking brands. This means more money in the pockets of community residents, which would otherwise be spent on transport to alternative shopping destinations.

Revamp phases and expansions have been completed at most of Safari's existing centres. The revamps included upgrades to public facilities as well as more benches and plants in public areas where shoppers can relax in a pleasant environment. Play areas for children have also been added to the entertainment element of our centres.

GOVERNANCE REVIEW

CASE STUDY

Enhancing the consumer's shopping experience in our retail centres through technology and connectivity value-added services: Day Hospital, filling stations, health clubs, government offices and more.

The objective

Through the use of technology and social media we attract customers to our centres, while also providing direct marketing opportunities for our tenants.

The solution

In 2016 the Board approved a capital infrastructure cost of R2,5 million for installation of high-speed, reliable fibre network in our centres. Tenants in our centres are required to enter into service agreements with VOX Telecoms for use of the fibre network, which allows them access to wi-fi points with location-based capabilities. Shoppers logging on to the wi-fi networks will require either an email or Facebook account, allowing tenants to advertise directly to shoppers through push notifications.

The impact

Safari will receive 40% of the revenue generated from the wi-fi costs paid by tenants. The benefit of direct marketing to shoppers is a significant value-add to our tenants.

"Internet infrastructure is a vital inclusion in our investment in the building of commercial centres and other facilities. There is significant value not only to our tenants who see connectivity as a utility, but also to us. Our ability to do real-time market research directly impacts the services and solutions we can integrate into our offering of future investments."

(Francois Marais, CEO of Safari)

Capitals

- Social and relationship
- Manufactured

Stakeholders

- Investors
- Tenants
- Customers

BOARD OF DIRECTORS

Safari and its directors place strong emphasis on good corporate governance and adhere strictly to the requirements for South African REITs.

1 DR JACOBUS PHILLIPUS SNYMAN ("PHILIP")

Independent non-executive Chairman
Committees: Audit and Risk, Remuneration, Investments and Nominations

Philip has practised as a private dental practitioner in Rustenburg since qualifying as a dentist in 1977. Since 1978, he has served on the boards of various companies involved in both the medical and property industries, such as Peglerae Investments (director and Chairman); Peglerae Hospital (director); Rustenburg Hospital Properties (director); Rustkor Investments (executive director and Chairman) and Rustkor Properties (executive director).

2 FRANCOIS JAKOBUS JOUBERT MARAIS ("FRANCOIS")

Chief Executive Officer
Committees: Social and Ethics, Investments and Executive

Francois has been practising as an architect since 1965 and has been involved with project implementation and management in the property industry in the following categories: educational institutions; health facilities; and all facets of commercial projects. In 1990 he launched a division for project development and has, as a property developer, completed a private hospital, office buildings and residential units. Since 1995, Francois has focused on retail development and has been involved in the implementation of commercial projects to the value of approximately R2 billion to date. He has extensive experience in the initiation and financial implementation of property development, and ultimately the establishment of these developed properties as sought-after investment assets. Francois, being one of the founding members of Safari, led the company as the CEO since incorporation.

3 KYRIACOS PASHIOU ("KIKI")

Executive Operational Director
Committees: Executive and Investments

Kiki is the CEO of Pace Construction Proprietary Limited (Pace). He has a wealth of experience and in-depth knowledge of all facets of the construction industry, which has been acquired from the numerous developments and contracts undertaken by the group. These include shopping centres, high-rise residential apartments, higher educational facilities, light and heavy industrial buildings, commercial buildings, food processing plants, recreational facilities, filling stations, hospitals and laboratories. A large portion of Pace's own developments consisted of apartments for the sectional-title market and offices for investment purposes. In 1995, he became an integral part of Safari and co-developed shopping centres in Gauteng and the North-West Province.

4 JOHANNES ZACHARIUS ENGELBRECHT ("ZACH")

Executive Financial Director
Committees: Executive

Zach joined the Safari team in January 2014 and fulfilled the role of chief financial officer through a secondment agreement with Safari Retail Proprietary Limited. Previously employed by Xstrata Alloys Mining group, he was one of the founding members of the Platinum Division. He served on the executive board of Xstrata and Anglo American Platinum's Mototolo Joint Venture, and also on the executive board of the Eland Platinum Pooling and Sharing Venture, overseeing the financial, commercial and corporate functions of the operations. Previously he also served on the board of Business against Crime – North West, and on the audit committee of Xstrata Alloys' Medical Aid. Zach was also involved in various property developments and re-developments in Pretoria and Rustenburg. Zach holds a Master's degree in Business Administration (MBA), a Master's degree in International Taxation (MCom), and an Honours degree in Financial Accounting (BCom Hons) from the North West University. Zach has completed his SAICA articles and is registered with the South African Institute of Professional Accountants.

5 ALLAN EDWARD WENTZEL ("ALLAN")

Lead independent non-executive Director and Chairman of Audit and Risk Committee
Committees: Audit and Risk, Nominations, Remuneration and Social and Ethics

Allan is a qualified chartered accountant and has acted in various positions in commerce since 1975, at which time he was the chief executive officer of African Bank Limited, the first black-owned bank in South Africa. He has since practised as a consulting chartered accountant, acting mainly in the non-profit and BEE sectors. Allan is a director of Transfer Administrators Proprietary Limited, a company that provides management advice in the non-profit and BEE sectors, and of KP Fiduciary Solutions, which specialises in deceased estate planning, administers trusts and executes estates.

His achievements include: the formation of African Bank Limited, the formation of CDT Foundation NPC, which provides loans to Christian churches and organisations, and the listing of the first black-owned group on the JSE, formerly known as Kilimanjaro Investments Limited (the group subsequently delisted from the JSE). He was the first lay person to head the United Congregational Church of Southern Africa; and was Vice Chairman of the investment Committee of the Council for World Mission in London, with over £100 million under management.

6 FAITH NONDUMISO KHANYILE ("FAITH")

Independent non-executive
Committees: Audit and Risk and Social and Ethics

Faith is currently the CEO of WDB Investment Holdings Limited. Before assuming this role in late 2013, she worked for Standard Bank in its Corporate and Investment Bank division ("CIB") for 12 years, the last six years of which as Head of Corporate Banking. Faith held other senior positions in Standard Bank, including Head of Trade Finance and Services, and was a director in the Structured Debt Finance Division of CIB. Faith was a member of CIB Executive Committee and Credit Committee. She also served on the CIB Transformation Steering Committee and the CIB Women's Forum. Her academic qualifications include a BA (Hons) in Economics (cum laude) from Wheaton College Norton, MA, USA, and a Master's in Business Administration (MBA)-Finance, from Bentley Graduate School of Business, Waltham, MA, USA. She also has an HDip Tax from the University of Johannesburg ("UJ"), and she completed an Executive Leadership programme at Columbia University (New York) in 2007.

7 STEPHANUS JOHANNES KRUGER ("FANUS")

Non-executive alternate Director

Fanus is a Certified Financial Planner ("CFP®") and has been in the financial services industry for 23 years. After completing a BCom degree, he co-founded De Wet De Villiers Financial Services. He currently heads Fanus Kruger Consulting CC in Rustenburg and also serves on the board of Burrie Smit Developments Proprietary Limited. Fanus has been involved in various successful property developments in Rustenburg, Pretoria and Sebokeng, and is currently involved in a rural development project in Rustenburg comprising 360 stands.

8 DR MARK MINNAAR ("MARK")

Independent non-executive
Committees: Nominations, Remuneration, Audit and Risk and Investments

Mark qualified as a medical doctor in 1991 and furthered his studies with a postgraduate diploma in Anaesthetics in 1994. He obtained his degree as a specialist ophthalmologist in 2001 from the South African Fellowship of Surgeons. Mark joined the Pretoria Eye Institute in 2001 and was elected to the board of the Pretoria Eye Institute in 2005. In 2006 he was part of a team from CSIR, the Pretoria Eye Institute and the Wits Health Consortium that developed, patented and marketed the Eyeborn Hydroxyapatite orbital implant. In 2007 he was elected as managing director of the Pretoria Eye Institute, a role that he fulfilled until December 2010. He was the financial director of the Pretoria Eye Institute from 2010 to 2012. He was a co-founder of and served as the managing director on the boards of the following property investment companies until 2014: Shanike Investments Proprietary Limited, Pretoria Eye Institute Investments, Laritza Investments No 171.

9 JOHANNES COENRADUS VERWAYEN ("JANNIE")

Non-executive alternate Director
Jannie has been a practising professional quantity surveyor since 1982 and has been extensively involved in all fields of quantity surveying, project management and development. He has been involved in numerous projects for private and government institutions over the past 30 years and currently specialises in commercial projects, where he also acts as a developer. Jannie has been involved in a large variety of projects, from major hospitals and healthcare facilities to high-rise buildings, and lends a vast amount of experience and knowledge where he is involved. He is the founding member and director of the original Strauss Verwayen and Partners Proprietary Limited. In 2005, the Pretoria office changed its name to Matla Quantity Surveyors Proprietary Limited ("Matla") and became an independent group. As director, he contributes to Matla at all levels of service, including cost management, construction economics, specialised financial services and forensic investigations. Matla oversees all levels of costing and project management for its clients in industrial, office, retail, civic and educational, as well as residential developments.

DIRECTORS' INFORMATION

Safari is driven by a Board of business professionals with a passion for excellence and a preference for a hands-on management approach.

The Board and management team provides effective leadership and supervision based on ethical imperatives. This approach is evidenced in the quality of the properties, the tenants and the continued demand for excellent operational management of Safari's properties. The team is represented by a diverse range of professionals, from disciplines such as architecture, civil engineering, construction, medical and financial industries.

The Board consists of eight directors, of whom five are non-executives (four of them independent and one alternate director) and three executives. The Chairman, Dr JP Snyman, being an independent non-executive director, oversees the Board's functioning, supported by Mr AE Wentzel as lead independent non-executive director. The Chief Executive Officer, Mr FJJ Marais, leads the executive team and attends to the day-to-day functions of the business.

Mr JZ Engelbrecht resigned from the Board as Financial Director with effect from 31 March 2017 and we wish to thank him for his loyal service and valuable contribution during his tenure. Mr WL Venter was appointed by the Board as Financial Director. Mr Venter is a qualified chartered accountant and was head of Cosmos Management, the property portfolio manager for Safari, over the past seven years. We welcome Mr Venter to the team and look forward to benefiting from his expertise and contributions in the years to come.

All the interests held by the directors are indirect, save for Dr M Minnaar's holding of 0,19% and Mr JZ Engelbrecht's holding of 0,02% of the interests in their personal capacity. The interests of the directors as stated in the table below have remained unchanged from 31 March 2017 to the date of publication of this report.

Name, age and nationality[1]	Qualifications and occupation	Capacity	Director's aggregate indirect and direct interest in Safari (31 March 2017)	Director's aggregate indirect and direct interest in Safari (31 March 2016)
Francois Jakobus Joubert Marais (76)	BArch (1964) Architect	Chief Executive Officer	**4,50%[3]**	4,42%[3]
Johannes Zacharius Engelbrecht (38)[2]	MCom (2003), MBA (2011) Financial Director	Financial Director	**0,02%**	0,02%
Stephanus Johannes Kruger (57)	BCom (1982), ILPA (1997) Financial planner	Non-executive Alternate	**0,85%[3]**	0,82%[3]
Dr Mark Minnaar (49)	MBChB, Diploma Anaesthesiology FCS (SA) (1991) Ophthalmologist	Independent non-executive	**0,64%[3]**	0,69%[3]
Kyriacos Pashiou (62)	National Diploma in Construction Management (1977) Building contractor	Executive Operational Director	**5,13%**	5,39%
Dr Jacobus Phillipus Snyman (64)	BChD (1977) Dentist	Independent non-executive Chairman	**0,56%**	0,59%
Faith Nundumiso Khanyile (49)	BA (Hons) (1991), MBA (1994), MCom (2000), HDip Tax (2004) CEO WDB Investment Holdings	Independent non-executive	**4,00%**	2,49%[4]
Allan Edward Wentzel (77)	CA(SA) (1961) Chartered accountant	Lead independent non-executive and Chairman of Audit and Risk Committee	**–**	–

[1] *All the directors are South African*

[2] *Resigned during this financial year*

[3] *May include indirect beneficial interest held through a shareholder which is a company or close corporation*

[4] *Shares held by WDB Investment Holdings, FN Khanyile is the CEO and the shareholding is shown as non-beneficial holding*

DIRECTORS' INFORMATION continued

DIRECTORS' TRANSPARENCY AND REMUNERATION REPORT

The remuneration of the Board for the financial periods ended 31 March 2016 and 2017 is set out in the table below:

	Directors' fees[1]		Committee fees		Consulting		Total	
Name	2017 R	2016 R	2017 R	2016 R	2017 R	2016 R	2017 R	2016 R
Executive directors								
FJJ Marais	**100 000**	100 000	**110 000**	230 000	**600 000**	11 250	**810 000**	341 250
K Pashiou	**68 000**	74 000	**66 000**	66 000	**116 250**	17 250	**250 250**	157 250
JZ Engelbrecht	**720 000**[2]	1 152 186[2]	**–**	120 000	**72 000**	–	**792 000**	1 272 186
Non-executive directors								
JP Snyman	**100 000**	74 000	**120 000**	102 000	**–**	–	**220 000**	176 000
FN Khanyile[3]	**68 000**	47 333	**30 000**	30 000	**–**	–	**98 000**	77 333
MH Tsolo	**–**	100 000	**–**	40 000	**–**	–	**–**	140 000
JC Verwayen	**32 000**	48 000	**6 000**	18 000	**–**	–	**38 000**	66 000
M Minnaar	**68 000**	74 000	**90 000**	112 000	**–**	–	**158 000**	186 000
SJ Kruger	**50 000**	46 000	**–**	–	**–**	47 250	**50 000**	93 250
AE Wentzel	**–**	–	**300 000**	300 000	**–**	–	**300 000**	300 000
PA Pienaar	**–**	26 667	**–**	–	**–**	3 000	**–**	92 667
Total	**1 206 000**	1 742 186	**722 000**	1 018 000	**788 250**	78 750	**2 716 250**	2 838 936

[1] *There are no benefits such as travel allowance, medical or pension benefits*

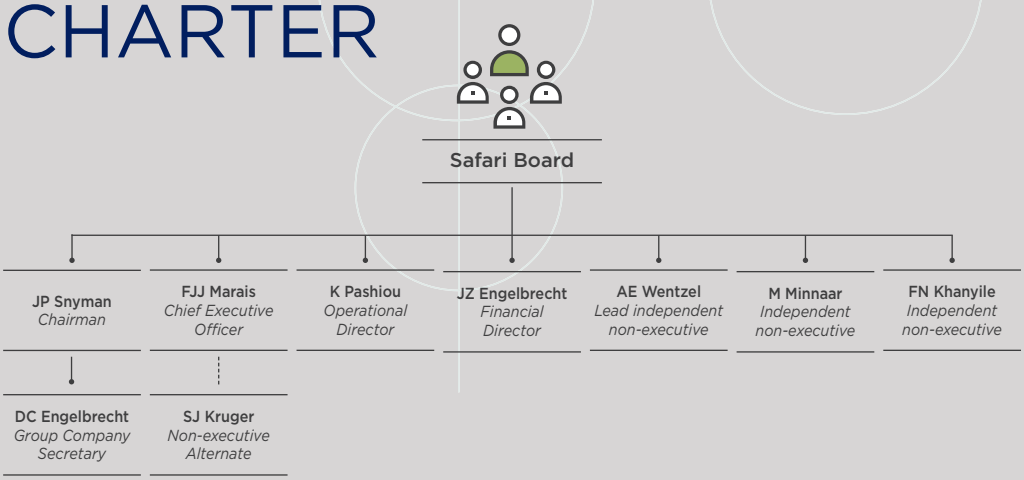
[2] *Remuneration as part of the fee charged by Safari Retail in terms of the secondment agreement*

[3] *Invoiced by WDB Investment Holdings*

No payments are proposed to be made, either directly or indirectly, in cash or securities or otherwise, to the directors in respect of expense allowances, benefits, pension contributions, management, consulting or technical fees.

No monies have been paid or have been agreed to be paid, within the three years preceding the last practicable date, to any director or to any group in which he is beneficially interested, directly or indirectly, or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director.

BOARD CHARTER



CORPORATE GOVERNANCE STATEMENT

Safari is fully committed to applying all the recommendations contained in the King Code of Corporate Governance for South Africa 2009 (King III), the Companies Act, the Financial Markets Act and the JSE Listings Requirements. Full details of the company's application of the principles of corporate governance can be found at: http://www.safari-investments.com/the-company/corporate-governance. Safari will adopt the King IV Code of Governance Principles in the next reporting period.

Safari has operated as a public company since 2009 and listed on the JSE Limited in April 2014. The Board endeavours to maintain the highest level of corporate governance and as such the majority of the principles set out in King III are applied, save for those as set out in the table below:

Governance element	Principle		Summary of how Safari applies the King III principles
Chapter 2 – Boards and directors			Shareholders approved the membership of the Board Chairman to the Audit Committee. The company does not have an internal audit function. The Audit Committee reviews the necessity on an annual basis and at this stage it is not justifiable to have any internal audit functions. This function is currently carried out by the Board as a whole.
Role and function of the Board	2.10	The Board should ensure that there is an effective risk-based internal audit	
Chapter 3 – Audit committees			
Membership	3.2	The Audit Committee should not have the Chairman of the Board as a member	
Internal assurance providers	3.7	The Audit Committee should be responsible for overseeing internal audit	
Chapter 7 – Internal audit			
The need for and role of internal audit	7.1	The Board should ensure that there is an effective risk-based internal audit	
Internal audit's approach and plan	7.2	Internal audit should follow a risk-based approach to its plan	
	7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management	
	7.4	The Audit Committee should be responsible for overseeing internal audit	
Internal audit's status in the company	7.5	Internal audit should be strategically positioned to achieve its objectives	

BOARD CHARTER continued

The Board is collectively responsible to the stakeholders for the long-term success of the group and for the overall strategic direction and control of the company. This responsibility is explicitly assigned to the Board in its charter and, to some extent, in the company's Memorandum of Incorporation ("MOI").

The directors have, accordingly, established mechanisms and policies appropriate to the company's business, according to its commitment to best practices in corporate governance, in order to ensure application of King III principles. The Board reviews these mechanisms and policies from time to time.

Summary of the Board charter

The main functions of the Board as set out in the Board charter are:

- determining the group's purpose and values, identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board's relationship with management, the shareholders and other stakeholders of Safari;
- providing strategic direction and leadership that is aligned to the group's value system by reviewing and approving budgets, plans and strategies for Safari and monitoring the implementation of such strategic plans and approving the funding for such plans;
- ensuring that Safari's business is conducted ethically and monitoring the company's ethical performance;
- approving business plans, budgets and strategies that are aimed at achieving Safari's long-term strategy and vision;
- annually reviewing the Board's work plan;
- ensuring the sustainability of Safari's business;
- reporting in Safari's integrated annual report on the going-concern status of Safari and whether Safari will continue to be a going concern in the next financial year;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect Safari's assets and reputation;
- identifying and monitoring key performance indicators of Safari's business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring application of the group's policies, codes of best business practice, the recommendations of King III and all applicable laws and regulations;
- adopting and annually reviewing the information technology governance framework and receiving independent assurance on this framework;
- considering, through the Audit and Risk committees, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the group;
- ensuring that the group's annual financial statements are prepared and are laid before a duly convened annual general meeting of the group;
- ensuring that a communications policy is established, implemented and reviewed annually and that in addition to its statutory and regulatory reporting requirements, such policy contains accepted principles of accurate and reliable reporting, including being open, transparent, honest, understandable, clear and consistent in Safari's communications with stakeholders;
- considering recommendations made to the Board by the Nominations Committee with regard to the nomination of new directors and the re-appointment of retiring directors, both as executive directors and non-executive directors;
- ensuring that the competency and other attributes of the directors are suitable for their

appointment as directors and the roles that they are intended to perform on the Board, and that they are not disqualified in any way from being appointed as directors;
- ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the executive directors and senior management is implemented;
- ensuring the appointment and removal of the Group Company Secretary;
- reviewing the competence, qualifications and experience of the Group Company Secretary annually; and
- selecting and appointing suitable candidates as members of committees of the Board and the Chairman of such committees.

Composition of the Board

The Board comprises eight directors, of which three are executive directors and four are independent non-executives and one alternate non-executive director.

Chairman

The roles of the Chairman and Chief Executive Officer ("CEO") are separate: the office of the Chairman is occupied by an independent non-executive director, in line with the recommendations of King III.

The Chief Executive Officer

The Board has appointed Mr FJJ Marais as CEO. The Board has established a framework for delegation of authority and ensured that the role and function of the CEO have been formalised and that the CEO's performance is evaluated against specified criteria on an annual basis.

Balance of power

The group's executive directors are involved in the day-to-day business activities of the group and are responsible for ensuring that the decisions of the Board of Directors are implemented in accordance with the mandates given by the Board.

The Board has ensured that there is an appropriate balance of power and authority at Board level, such that no one individual or block of individuals dominates the Board's decision making. The non-executive directors are individuals of calibre and credibility and have the necessary skills and experience to bring independent judgement on issues of strategy, performance, resources, and standards of conduct and evaluation of performance.

Code of Ethics

The Board is responsible for the strategic direction of the group. It sets the values that the group adheres to and has adopted a code of ethics which is applied throughout the group.

The current Board's diversity of professional expertise and demographics makes it highly effective with regard to Safari's current strategies. The Board shall ensure that, in appointing successive Board members, the Board as a whole will continue to reflect, whenever possible, a diverse set of professional and personal backgrounds.

Information and other professional advice

The Board has performed an annual review of its members' information needs, and directors have unrestricted access to all group information, records, documents and property to enable them to discharge their responsibilities efficiently. Effective and timely methods of informing and briefing Board members prior to Board meetings were established; in this regard steps have been taken to identify and monitor key risk areas, key performance areas and non-financial aspects relevant to Safari. In this context, the directors are continually provided with information in respect of key performance indicators, variance reports and industry trends.

BOARD CHARTER continued

The Board established, through the Group Company Secretary, a formal induction programme to familiarise incoming directors with the group's operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. The directors receive further briefings from time to time on relevant new laws and regulations, as well as on changing economic risks.

The directors ensure that they have a working understanding of applicable laws. The Board has ensured that the group complies with applicable laws and considers adherence to non-binding industry rules and codes and standards.
In deciding whether or not non-binding rules should be complied with, the Board factors in the appropriate and ethical considerations that must be taken into account. New directors with limited or no board experience will receive appropriate training to inform them of their duties, responsibilities, powers and potential liabilities.

The Board has established a procedure for directors, in furtherance of their duties, to take independent professional advice, if necessary, at the group's expense. All directors have access to the advice and services of the Group Company Secretary. The Group Company Secretary is also registered with the Institute of Directors of South Africa (IoDSA).

Board evaluation

The Board will disclose details in its directors' report on how it has discharged its responsibilities to establish an effective compliance framework and process.

The Board, as a whole, and individual directors were assessed on their overall performance in order to identify areas for improvement in the discharge of individual directors' and the Board's functions. This review was undertaken by the Nominations Committee and Group Company Secretary.

Board meetings

During the financial year, the Board held four formal Board meetings, at which an attendance record of 100% was achieved (see table below). The Board set the strategic objectives of the group and determined investment and performance criteria. The Board furthermore effectively managed the sustainability, property management, control, compliance and ethical behaviour of the businesses under its direction. The Board has established a number of committees in order to give detailed attention to certain of its responsibilities. These committees operate within defined, written terms of reference. During February 2017 the Board also attended a very constructive strategic planning session, at which the medium- and long-term strategy of Safari was planned and confirmed.

The Board has developed a charter setting out its responsibilities for the adoption of strategic plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of the group's risk management and internal controls, communication policy and director selection, orientation and evaluation.

Attendance at Board Meetings

Director	25 May 2016	31 August 2016	2 November 2016	8 March 2017
JZ Engelbrecht	✓	✓	✓	✓
FN Khanyile	✓	✓	✓	✓
FJJ Marais	✓	✓	✓	✓
M Minnaar	✓	✓	✓	✓
K Pashiou	✓	✓	✓	✓
JP Snyman	✓	✓	✓	✓
AE Wentzel	✓	✓	✓	✓
Attendance	100%	100%	100%	100%

✓ = Attended

Directors' declarations and conflict of interests

The Board determined a policy for detailing the manner in which a director's interest in a transaction must be determined and the relevant director's involvement in the decision-making process. Real or perceived conflicts in the Board are managed in accordance with the pre-determined policy used to assess a director's interest in transactions.

Dealing in securities

Directors, executives and senior employees are prohibited from dealing in Safari securities during certain prescribed restricted periods. A formal securities-dealings policy has been developed to ensure directors' and employees' compliance with the JSE Listings Requirements and the insider trading legislation in terms of the Financial Markets Act.

Procedures for Board appointments

The Board has detailed the procedures for new appointments to the Board. Such appointments are to be formal and transparent and a matter for the Board as a whole, assisted where appropriate by the Nominations Committee.

The development and implementation of nomination policies will be undertaken by the Nominations Committee and the Board as whole, respectively.

Rotation of directors

No director shall be appointed for life or for an indefinite period; the directors shall rotate in accordance with the following provisions:

- At each annual general meeting one-third of the directors for the time being shall retire from office, by rotation, provided only that if a director is an executive or managing director or CEO, or an employee of the group in any other capacity, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation, and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors; and
- The appointment of executive directors shall be terminable in terms of Board resolutions.

GROUP COMPANY SECRETARY

A suitably qualified, competent and experienced Group Company Secretary was appointed and appropriately empowered to fulfil his duties with regard to assistance to the Board. His name, business address and qualifications are set out in the corporate information section.

BOARD CHARTER continued

The Group Company Secretary assists the Nominations Committee in the appointment, induction and training of directors. He provides guidance to the Board of Directors with reference to their duties and good governance and ensures that the Board and Board committee charters are kept up to date. The Group Company Secretary prepares and circulates Board papers and assists with obtaining responses, input and feedback for Board and Board committee meetings.

Assistance is also provided with regard to the preparation and finalisation of Board and Board committee agendas based on annual work plan requirements.

The Group Company Secretary ensures that the minutes of Board meetings and Board committee meetings are prepared and circulated and also assists with the annual evaluations of the Board, Board committees and individual directors. The Group Company Secretary reports directly to the Chairman.

The Board of Directors considered and satisfied itself on the competence, qualifications and experience of the Group Company Secretary. The Group Company Secretary maintains an arm's-length relationship with the group's Board, being the gatekeeper of corporate governance. The Group Company Secretary effectively enhances his abilities as gatekeeper of good corporate governance through regularly attending skills development programmes and studying for Board exams to qualify as a chartered company secretary.

Dirk Cornelius Engelbrecht BCom, LLB (UP) ("Dirk")

Dirk obtained a BCom Law degree in 2006 and an LLB degree in 2008 from the University of Pretoria. He completed his articles at Weavind & Weavind Incorporated, and remained with the firm until April 2011 as a professional assistant focusing on High Court and Magistrate's Court litigation. In April 2011, Dirk joined G4S Secure Solutions (SA) Proprietary Limited as the national legal manager, tasked with contract drafting and negotiations, debt collecting, claims handling and acting as general legal adviser. Dirk joined Safari Investments as the Group Company Secretary and in-house legal adviser in January 2014 in terms of a secondment agreement with Safari Retail and was employed directly as the Group Company Secretary and legal adviser with effect from 1 April 2016.

Telephone: +27 12 365 1881
Email: dirk@safari-investments.com

BOARD COMMITTEES

The Board has delegated certain functions to the Executive Committee, Audit and Risk Committee, Remuneration Committee, Nominations Committee, Investments Committee and Social and Ethics Committee.

The Board is conscious of the fact that such delegation of duties is not an abdication of the Board members' responsibilities. The various committees' terms of reference will continue to be reviewed annually and such terms of reference will be disclosed in the group's annual integrated report. External advisers and executive directors who are not members of specific committees may attend committee meetings by invitation, if deemed appropriate by the relevant committees.

EXECUTIVE COMMITTEE

Members	20 April 2016	21 June 2016	20 July 2016	27 September 2016	26 October 2016	25 January 2017	29 March 2017
JZ Engelbrecht	✓	✓	✓	✓	✓	✓	✓
FJJ Marais	✓	✓	✓	✓	✓	✓	✓
K Pashiou	✓	✓	✓	✓	✓	✓	✓
Attendance	100%	100%	100%	100%	100%	100%	100%

✓ = *Attended*

The Executive Committee (hereunder "the Committee") is empowered and responsible for implementing the strategies approved by the Board and for managing the day-to-day affairs of Safari.

BOARD COMMITTEES continued

Report of the Executive Committee

The duties of the Committee include the consideration of all day-to-day activities and related decisions. These duties may include:

- the development and implementation of business plans, policies, procedures, strategy for growth and budgets as delegated and approved by the Board of Directors;
- the monitoring of operational and financial performance;
- the prioritisation and allocation of investment and resources;
- managing and developing talent; and
- managing reported risks of the company.

The Committee is chaired by the CEO and comprises all the executive directors and, by invitation, certain non-executive directors and members of senior management.

The Committee has conducted seven meetings and has maintained 100% attendance by the committee members. The Committee deliberated, decided and made recommendations on all matters of strategy and operations within its mandate as set by the Board, and from time to time the decisions or recommendations were referred to the Board or relevant Board committees for final approval.

On behalf of the Executive Committee:

FJJ Marais
Chairman: Executive Committee

Pretoria
21 June 2017

INVESTMENTS COMMITTEE

Members	20 May 2016	22 July 2016	2 November 2016	3 February 2017
FJJ Marais	✓	✓	✓	✓
M Minnaar	✓	✓	✓	✓
K Pashiou	✓	✓	✓	✓
JP Snyman	✓	✓	✓	✓
Attendance	100%	100%	100%	100%

✓ = *Attended*

The duties of the Investments Committee (hereunder "the Committee") include the consideration of all investment decisions of Safari which in turn includes acquisitions and new developments as well as refurbishments of existing properties.

In performing the abovementioned duties, the Investments Committee:

- considers recommendations from management for acquisitions, capital expenditure or disposals;
- authorises and approves such transactions and capital expenditure as fall within its approval mandate; and
- makes recommendations to the Board for approval regarding transactions and capital expenditure that fall outside its approval mandate.

The Committee is chaired by the CEO and comprises a further two independent non-executive directors and one executive director and, by invitation, other non-executive directors and members of senior management.

Report of the Investments Committee

The Investments Committee prepares due diligence reports on a transaction basis and makes recommendations to the Board, which carries out the function of considering acquisitions and disposals.

The Committee has overseen the group's strategy of investment which is focused on:

- areas of high growth selected for all investment properties;
- areas identified through the company's strategy in order to diversify the property portfolio; and
- properties with re-development and turnaround potential.

The Committee is satisfied that Safari delivered on the group strategy in the recent years of upgrading and re-developing its existing properties. The Committee is also satisfied that the quality of the investment portfolio has indeed been improved, with all centres currently having above market average trading densities.

The Committee has conducted four meetings, with 100% attendance by the committee members. The Committee deliberated, decided and made recommendations on all matters within its mandate. The mandate was set by the Board, and from time to time the decisions or recommendations were referred to the Board or relevant Board committee for final approval.

New investments

Platz am Meer Shopping Centre commenced trading during September 2016 and has had a successful six months of operations to date. Phase 2 of Platz am Meer, comprising 36 luxury living units, is still under construction and is expected to be completed by July 2017. These 36 luxury seafront apartments, fully equipped and with state-of-the art finishes, are up for sale and dedicated agents have been appointed. The following new investments were approved by Safari's Board on recommendation by the Investments Committee during the 2017 financial year:

Project	Project status	Budget approved R	Information
Victorian upgrade	Completed	7 929 718	During the 2016 financial year the Board approved a budget amounting to R16 303 948 for upgrade of walkways and refurbishment of PnP. The Committee reviewed a revised budget amounting to R24 233 666 which includes an addition to Spur as well as storerooms for PnP. The budget increase amounting to R7 929 718 was approved.
Denlyn Centre (Phase 5)	Completed	22 928 897	Denlyn was extended by approximately 714m^2 accommodating various new and additional national tenants to the centre. The budget was revised during May 2016 and adjusted downwards from R31 031 776 to R22 928 897.
Platz am Meer	In progress	64 626 053	A budget of R575 018 832 was initially approved by the Board for the development of Platz am Meer. The Committee reviewed an additional budget amounting to R64 626 053 to extend the breakwater, complete apartments with additional lifts, parking, patios finishes and gas installation, ultimately increasing the yield on the project. The Board approved the additional budget.

BOARD COMMITTEES continued

Project	Project status	Budget approved R	Information
Thabong Centre (Phase 4)	In progress	60 536 710	During the 2016 financial year two capital projects were approved amounting to R87 990 595 for the expansion and upgrade of the tenant mix and GLA of Thabong Centre. The Board approved a revised budget during May 2016 with a downwards adjustment of the original approved budget to R60 536 710.
Mnandi Centre (Maunde)	Completed	4 980 730	The Committee reviewed a proposal for the construction of a left-in access to Mnandi Centre in Atteridgeville. This access will increase the number of shoppers at the centre and ultimately have a positive effect on tenant turnover and rental income. The Committee recommended the proposal for Board approval and the Board approved the capital expenditure.
Solar: Platz am Meer	In progress	10 240 000	The Committee approved the acquisition of solar installation at the Platz am Meer Centre on 8 March 2017.

Current projects: under construction

The following projects were approved by the Board and are currently under construction or were recently completed.

Note	Project	Project status	Approved R	31 March 2017 R	31 March 2018 R	31 March 2019 R
1.	Sebokeng – Thabong Phase 4	In progress	60 536 710	**38 791 625**	16 481 517	–
2.	Swakopmund – Platz am Meer	In progress	639 632 229	**252 513 375**	64 103 160	–
3.	Heidelberg – The Victorian (PnP upgrade, Spur extensions and refurbishment)	In progress	24 233 666	**7 369 074**	5 935 661	–
4.	Mamelodi – Denlyn (Phase 5)	Completed	22 928 897	**22 928 897**	–	–
5.	Atteridgeville – Nkomo Village	In progress	314 434 603	**5 858 153**	110 588 231	164 494 235
6.	Atteridgeville – Mnandi Left-In	In progress	4 980 730	**4 161 794**	818 936	–
7.	Solar: Platz am Meer	In progress	10 240 000	**6 918 163**	3 321 827	–
	Total		1 076 986 835	**338 541 081**	201 249 332	164 494 235

** Also refer to note 24 in the annual financial statements for the total future capital commitments*

1. Thabong Phase 4 included an extension to Thabong Shopping Centre where we accommodated a Builders Warehouse Superstore (part of the Massmart group) and we are in the process of finalising expressions of keen interest received from a tyre service centre and office tenants. We relocated JetMart to a smaller shop in order to accommodate a gymnasium which commenced trading during

March 2017, and has already proved to be a value-adding offering at Thabong.

2. The Swakopmund Platz am Meer development is under construction and progressing according to schedule. Phase 1, the Platz am Meer Shopping Centre, was completed and opened during September 2016, bringing first-time national tenants to the town of Swakopmund including Woolworths, Checkers, Dis-Chem and others. Phase 2 of the project, upmarket residential penthouses and apartments, is set for completion in July 2017.

3. The Board approved a general upgrade and refurbishment of the Victorian Centre including upgrade of the Pick n Pay and extension to Spur, as well as the extension of Jordaan Street in order to enhance the accessibility to the centre. The upgrade and refurbishment was completed and extremely well received by the public.

4. In response to repeated applications from national retailers for space at Denlyn Centre, we have revised the tenant mix and initiated a plan to relocate and right-size certain tenants. To this end we upgraded and resized JetMart and welcomed Studio 88, HiFi Corporation, Cash Crusaders, Jam Clothing and a second Capitec branch to the centre. We have also completed an extension of approximately 714m^2 (GLA) where we accommodated Footgear, Pep Cell, Shoe City and Cross Trainer, who commenced trading in November 2016.

5. Nkomo Village Centre is a small regional centre of approximately 20 553m^2 which will be anchored by Pick n Pay and Boxer, with other national retailers such as Builders Warehouse Superstore, Pep and McDonalds. We are excited to bring the first Virgin Active Red to our portfolio and also to the Atteridgeville community with this development. Groundwork has been completed and we are ready to commence construction. Anticipated opening date is set for November 2018.

6. Mnandi Centre, Atteridgeville saw the incorporation of a new entrance directly from Maunde Street, the main double carriageway into Atteridgeville. This new entrance will increase accessibility for customers and a significant improvement in foot count is already evident.

Stands available for future investments

Name	Location	Cost at acquisition R	Market value R	Size m^2	Ownership
Sebokeng Erf 95 and 86	Moshoeshoe Street Sebokeng	2 116 607	2 036 000	2 752	Freehold
Lynnwood Erf 582, 583, 584, 585 and 586	Corner of Lynnwood and Rodericks Streets Lynnwood, Pretoria	40 000 000	39 200 000	13 313	Freehold

On behalf of the Investments Committee:

FJJ Marais
Chairman: Investments Committee

Pretoria
21 June 2017

BOARD COMMITTEES continued

REMUNERATION COMMITTEE

Members	11 May 2016
AE Wentzel	✓
M Minnaar	✓
JP Snyman	✓
Attendance	**100%**

✓ = *Attended*

The Remuneration Committee (hereunder "the Committee") comprises Mr AE Wentzel as Chairman of the Committee together with Dr M Minnaar and Dr JP Snyman, all of whom are independent non-executive directors. The CEO and other executive directors attend meetings of the Remuneration Committee by invitation, but do not participate in discussions regarding their own remuneration and benefits.

Report of the Remuneration Committee

The Remuneration Committee has the responsibility to consider and make recommendations to the Board on, *inter alia*, the remuneration policy of the group, payment of performance bonuses, executive remuneration, and short-, medium- and long-term incentive schemes and employee retention schemes.

The Remuneration Committee uses external market surveys and benchmarks to determine executive director and/or employee remuneration and benefits, to the extent paid by Safari, as well as non-executive directors' base fees and attendance fees. Safari's remuneration philosophy is to structure packages in such a way that long- and short-term incentives are aimed at achieving business objectives and the delivery of shareholder value.

During this financial year, the Committee conducted one meeting with 100% attendance by the members. The Committee prepared and recommended for approval at the 2016 annual general meeting a remuneration policy in line with the company's budget for the 2017 financial year. The remuneration policy was approved at the 2016 annual general meeting for a period of two years and as a result no further meetings were held during the year by the Remuneration Committee.

On behalf of the Remuneration Committee:

AE Wentzel
Chairman: Remuneration Committee

Pretoria
21 June 2017

NOMINATIONS COMMITTEE

Members	11 May 2016	7 October 2016	2 November 2016	8 February 2017
AE Wentzel	✓	✓	✓	✓
M Minnaar	✓	✓	✓	✓
JP Snyman	✓	✗	✓	✓
Attendance	**100%**	**67%**	**100%**	**100%**

✓ = Attended
✗ = Absent

The Nominations Committee comprises Dr M Minnaar (Chairman of the Committee) and Dr JP Snyman and Mr AE Wentzel, all independent non-executive directors. The Nominations Committee is responsible for reviewing the group's Board structure, the size and composition of the Board, succession planning for Board members and key management personnel and for making recommendations in respect of these matters as well as an appropriate split between executive and non-executive directors and independent directors.

Report of the Nominations Committee

The Nominations Committee assists in identifying and nominating new directors for approval by the Board. It considers and approves the classification of directors as independent, oversees induction and training of directors and conducts annual performance reviews of the Board and various Board committees in conjunction with the Group Company Secretary. The Nominations Committee is also responsible for ensuring the proper and effective functioning of the group's Board and assists the Chairman in this regard.

The Committee proposed the adoption of a Gender Diversification Policy which was approved and adopted by the Board. Identifying suitable candidates for appointment to the Board, the Committee will consider candidates on merit against objective criteria and with due regard for the potential benefits of gender diversity at a Board level. The Committee will continue to discuss and annually agree all measurable targets for achieving gender diversity on the Board.

The Committee, with the assistance of the Group Company Secretary and under the direction of the Chairman, conducted the annual Board and individual Board member assessments. These assessments were collected, reviewed and processed and formal feedback was conveyed to the Board.

The Committee has put in place a formal succession plan for the CEO. The succession plan will be expanded in the next year to cover the entire Board and key management personnel.

During this financial year, the Committee conducted four meetings with 92% attendance by the members. Subsequent to the financial year end the Board appointed Dr JP Snyman as Chairman of this Committee in order to comply with King III recommendations.

On behalf of the Nominations Committee:

M Minnaar
Chairman: Nominations Committee

Pretoria
21 June 2017

BOARD COMMITTEES continued

SOCIAL AND ETHICS COMMITTEE

Members	3 February 2017
AE Wentzel	✓
FJJ Marais	✗
FN Khanyile	✓
WL Venter	✓
Attendance	**75%**

Y = Attended
✗ = Absent

The Committee comprises Mr AE Wentzel (lead independent non-executive director and Chairman of the Committee), Mr FJJ Marais (CEO), Ms FN Khanyile (independent non-executive director) and the head of the property portfolio management, Mr WL Venter.

Report of the Social and Ethics Committee

The Social and Ethics Committee monitors the group's activities with regard to any relevant legislation, other legal requirements and prevailing codes of best practice, in respect of social and economic development, good corporate citizenship (including the promotion of equality, prevention of unfair discrimination, care for the environment, health and public safety, including the impact of the group's activities and of its products or services), consumer relations, and labour and employment issues. The Committee ensures that the group carries out its business in an ethical and socially responsible manner to the benefit of the community and the environment in which Safari operates.

The Committee believes that the industry in which Safari operates allows it to make a significant contribution to the community and environment. The Committee is aware that if the group's operations are not managed properly

in terms of ethical and social matters, this could have a negative impact on the environment and the community.

The Committee is committed to ensuring that the business operations of Safari not only improve the quality of life of the people in the vicinity of its shopping centres by creating job opportunities and easy access to a first-class shopping experience, but also identify areas of need where Safari is in a position to assist and contribute to the community.

Examples in the 2017 financial year include assistance or contributions to:

- Compass (Community Provision and Social Services);
- Chrysalis Nursery School (a preschool catering for children with special needs);
- Khutlo-Tharo Lekoa Senior Citizens Foundation in Sebokeng;
- Itereleng/Reamogetswe Centre in Atteridgeville;
- Eersterust Welfare Organisation for the Aged in Mamelodi;
- Mandela Day involvement:
  - Helping to paint DH Peta School in Atteridgeville;
  - Hosting an event at Thabong Shopping Centre in Sebokeng where we also handed out vouchers;
  - Donating toys to SAVF in Heidelberg; and
  - Donating food parcels for a clean-up event at Mamelodi High School.

Furthermore, Safari has a standing arrangement with an old age home in Mamelodi to sponsor a Christmas meal for the residents at the facility.

Safari determines the needs and requirements of the shoppers at its centres. Shopper surveys are done on a relatively regular basis. Safari uses the outcome of these surveys as a guide in its planning and operations. Safari's operating centres are continually upgraded and expanded and the community's input, as derived from these surveys, plays an important role in the planning of these upgrades and expansions.

Safari's Board approves an annual budget for donations and the Social and Ethics Committee ensures that it is spent on worthy causes where it will be applied to the benefit of the community and/or the environment in which Safari operates its shopping centres.

The Social and Ethics Committee monitors the company's business practices and ensures that operations are carried out in an ethical and environmentally friendly and socially responsible manner. There is zero tolerance for corruption, and the necessity for transparency is of the utmost importance to the Committee.

The Committee will continue to report to the Board on its activities and findings.

AE Wentzel
Chairman: Social and Ethics Committee

Pretoria
21 June 2017

REIT AND REIT TAXATION LEGISLATION

REIT LEGISLATION

REIT legislation in South Africa came into effect on 1 April 2013. Safari confirms that it currently holds REIT status recognised by the JSE and continues to meet the qualification requirements as stipulated by the JSE and applicable legislation. The following achievements from a REIT point of view are noteworthy:

- The group currently has gross assets worth approximately R2,65 billion, as reflected in annual financial statements for the period ended 31 March 2017;
- The group is a property investment fund focusing mainly on retail centres and currently has four regional centres, of which three are located in underdeveloped urban areas in Gauteng, South Africa and one in Swakopmund, Namibia. Safari furthermore has two community centres in Heidelberg and Atteridgeville and a 20-bed private day-hospital in Soweto. The total property portfolio comprises a total of 186 000m^2 built area;
- The group is currently deriving 99% of its revenue from rental income and 1% generated from the solar panels;
- The group complies with the minimum income and shareholder spread requirements of the Main Board of the JSE and currently boasts over 850 shareholders as at the financial year ended 31 March 2017;
- The group will, to the best of the directors' knowledge, qualify for a tax deduction of distributions under section 25BB(2) of the Income Tax Act for the current financial year;
- The group's total borrowings were approximately 34% of gross asset value for the year. The group's borrowing was well below the 60% requirement in terms of REIT legislation;
- The Audit and Risk Committee has confirmed to the JSE that, as part of its terms of reference, it has adopted the policy referred to in paragraph 13.46 (h)(i) of the Listings Requirements and that the group complies with the following provisions set out in the Listings Requirements:
  - Adopting and implementing an appropriate risk-management policy, which policy as a minimum is in accordance with industry practice and specifically prohibits Safari from entering into any derivative transactions that are not in the normal course of Safari's business;
  - Reporting in the annual report each year that the Audit and Risk Committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned; and
  - Reporting to the JSE, in the annual compliance declaration referred to in paragraph 13.49(d) of the Listings Requirements, that the Audit and Risk Committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned;
  - The group will comply with the general continuing obligations as determined by the JSE and, more specifically, those set out in section 13.49 of the Listings Requirements as amended from time to time; and
- The Board confirms that Safari has during the past financial year complied with, and will continue to comply with, the following provisions, as set out in section 13.49 of the Listings Requirements:
  - Safari will distribute at least 75% of its total distributable profits as a distribution to the holders of its listed securities by no later than six months after its financial year end, subject to the relevant solvency and liquidity test as defined in sections 4 and 46 of the Companies Act. The next distribution of 34 cents per share was approved and will accordingly be paid out in July 2017;

- Safari will ensure that, subject to the solvency and liquidity test and the provisions of section 46 of the Companies Act, the subsidiaries of Safari that are property entities incorporated in South Africa will distribute at least 75% of their total distributable profits as a distribution by no later than six months after their financial year end; and
- Interim distributions may occur before the end of a financial year. The total distribution declared was R118 939 056 (2016: R119 926 850). The distribution consisted of scrip dividends of R58 298 342 in June 2016, and R60 640 714 in December 2016 and where a total of 16% of the total dividend was reinvested into the company. As a result, Safari issued 2 496 380 new shares to the company's shareholders during this process.

REIT TAXATION STATUS

The group's status as a REIT entails, among others, the following tax consequences:

- The group will not pay capital gains tax on the disposal of immovable property, the disposal of shares in other REITs or the disposal of shares in property companies;
- The group may claim a tax deduction for qualifying dividends to its shareholders;
- Dividends distributed by the group to its resident shareholders are subject to normal tax (and exempt from dividends tax); and
- Dividends distributed to foreign shareholders are subject to dividends tax.

ANNUAL FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated group annual financial statements have been audited by Deloitte & Touche. The Financial Director, Mr WL Venter, was responsible for the preparation of these audited financial statements, executed by the Financial Manager, Mr MC Basson. Safari Investments RSA Limited and Subsidiary (Registration number 2000/015002/06)

Published: 28 June 2017

CASE STUDY

Improving quality of life of under-serviced urban living areas by locating regional retail nodes within key catchment areas.

The objective

We pride ourselves on trying to create opportunities and cost savings within the communities in the vicinity adjacent to our centres.

The solution

The majority of our centres have roughly doubled or trebled in retail space since their original trading date, due to market demand in these areas. The further expansion and creation of the multi-amenity hubs around our centres will provide employment for the community through sub-contractors in the building phase and staff in the shops, once the building phase is complete. Previously these initiatives have fostered a sense of ownership within the communities. On completion of the multi-amenity hubs, customers from the community will also enjoy a saving on public transportation costs, from the potential elimination of multiple trips.

The impact

Safari urges its tenants, while negotiating rental agreements, to fill any vacancies from a list of local community members that are available for employment. Currently as many as 85% of current store managers and store attendants are employed by tenants from the local communities around each of our centres.

The average gross rental rate across Safari's portfolio is R135/m^2. The saving in rental is often passed on from the tenants to the customers. This benefit, together with transportation savings expected to be around R600 to R700 million per annum, keeps community customers loyal to our centres.

Capitals

- Social and relationship
- Manufactured
- Financial

Stakeholders

- Communities
- Tenants
- Customers

DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008. The external auditors are engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards, SAICA's Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and management is required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on pages 69 to 73.

The consolidated annual financial statements, which have been prepared on the going concern basis, were approved by the Board on 21 June 2017 and were signed on its behalf by:

FJJ Marais
Chief Executive Officer

WL Venter
Financial Director

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Safari and its subsidiary for the 12 months ended 31 March 2017.

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

At our Thabong Centre in Sebokeng, the Phase 4 extension, which included the addition of a 1 902m^2 (including yard space of 385m^2) Builders Warehouse was completed.

The completion of the K-block expansion at the Denlyn Centre in Mamelodi resulted in an additional 714m^2 of GLA for the centre. Pep Cell, Shoe City, The Cross Trainer and Footgear are some of the new tenants accommodated in this new extension.

The Pick n Pay at the Victorian Centre in Heidelberg was revamped and expanded. Spur was also expanded and coupled with this the passageways of the centre have been upgraded.

Phase 1 of the Platz am Meer development in Swakopmund, Namibia was completed, with the Platz am Meer Shopping Centre opening its doors during September 2016. It was very well received by the Swakopmund community and is seen as a landmark development in Namibia. Phase 2 of the Platz am Meer development, being the residential apartments, will be completed in the 2018 financial year.

Earthworks for the Nkomo Village Shopping Centre commenced during this financial year and the project is set for completion during quarter 4 of 2018. This centre will be anchored by Pick n Pay and Boxer and brings other national tenants such as McDonalds, Builders Warehouse and Virgin Active to the Atteridgeville community for the first time.

Subsequent events

Matters approved by the Board at the following meetings with regard to events subsequent to year end:

8 March 2017:

- The Board accepted the resignation by Mr JZ Engelbrecht from the Board as Financial Director with effect from 31 March 2017. Mr WL Venter was appointed by the Board as Financial Director. Mr Venter is a qualified chartered accountant and was head of Cosmos Management, Safari's property portfolio manager for the past seven years. Mr Venter still holds a 20% share in Cosmos Management. The Board welcomed Mr Venter to the team and looks forward to benefiting from his expertise and contributions in the years to come.

31 May 2017:

- The Board approved the capital raising through a private placement share issue of 99 552 633 new shares issued for cash subject to shareholder approval. The special shareholders meeting will be held during July 2017 and a circular and SENS announcement with the relevant details was distributed to shareholders. The salient features of this transaction include:
  - Shares will be issued at a price of R7,60 per share with total capital raised amounting to R756 600 011.00; and
  - Investors participating in this private placement include current shareholders Stanlib, Grindrod (Bridge Fund Managers), Safarihold, WDBH Investments and a new investor, Southern Palace Capital.
- A cash distribution of 34 cents per Safari share was approved based on a scrip dividend process where shareholders will have the option to reinvest their cash dividend for new Safari shares at an issue price of R7,60 per share.

DIRECTORS' REPORT continued

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

ACCOUNTING POLICIES

The consolidated annual financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008, SAICA's Financial Reporting Guide as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the Listings Requirements of the JSE Limited. The accounting policies have been applied consistently compared to those of the prior year except for interest on new capital investments being capitalised as of 1 April 2016.

FINANCIAL RESULTS AND ACTIVITIES

The operating results and state of affairs of the group are fully set out in the attached 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 2017, of R144 561 000 (2016: R124 129 000). This represents an increase of 16% year-on-year and is mainly due to the inclusion of Platz am Meer Shopping Centre, where rental income was generated from September 2016, and extensions at Thabong, Denlyn and The Victorian shopping centres becoming operational during this financial year.

The group's revenue increased by 19% to R204 973 000 compared with the previous year's R171 631 000. A weighted average escalation on gross rental of 6,4% was achieved for the 2017 financial year. Operating costs as a percentage of revenue was 30% (2016: 29%). This increase was mainly due to significant increases in municipal charges and implementation of various additional marketing initiatives.

Safari Group's gearing (debt to equity) ratio increased from 41% to 57%, as a direct result of the project pipeline which is still in an aggressive growth phase. The Board acknowledges that the gearing ratio would be temporarily higher than the 40% approved strategy. Shareholders should note that once the current capital raising process is finalised the Group's gearing ratio (debt to equity) will decrease to below 20%.

The fair value of the group's investment property increased by 18% to R2 456 990 000. The increase of R368 406 000 results from the expansions and additions of R292 037 000 as well as a fair value adjustment of R76 368 000 from the total property portfolio. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's 2% vacancy profile, the 89% national tenants' occupation level, a positive lease expiry profile and 6,4% average gross rental escalation achieved through the 2017 financial year. The net asset value per share increased by 1,9% to 870 cents for the year, from 854 cents in the prior year.

STATED CAPITAL

Details of the stated capital are disclosed in note 10 to the consolidated annual financial statements.

CAPITAL COMMITMENTS

Refer to note 24 of the consolidated annual financial statements, where details of the capital commitments can be found.

DISTRIBUTIONS

In terms of REIT legislation at least 75% of the distributable earnings must be distributed in every financial year. During 2017 Safari declared a total distribution of R118 939 056 (2016: R119 926 850). The distribution consisted of scrip dividends of R58 298 342 in June 2016, and R60 640 714 in December 2016 and where a total of 16% of the total dividend was reinvested into the company. As a result, Safari issued 2 496 380 new shares to the company's shareholders during this process.

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 24 of the 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 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.

AUDITORS

Deloitte & Touche was re-appointed for the 2017 financial year as auditors for the group from 2 September 2015 and also performed the interim review during September 2016. During the financial year Beyers Joubert was the designated audit partner for the Safari group.

NEW PERFORMANCE MEASURES

In compliance with section 3.4(b)(vi) and 3.4(b)(vii) of the JSE Listings Requirements, and owing to the nature of the business conducted by Safari, being that of a Real Estate Investment Trust, the Board of Safari has decided to adopt the "distribution per share" and "net asset value per share" measures for future trading statement purposes, as this is considered to be a more appropriate yardstick to measure Safari's performance than "headline earnings per share" and "earnings per share". This measurement was adopted and implemented from the 2016 interim financial report.

DIRECTORS

The directors in office at the date of this report are as follows:

Name	Designation	Changes
JZ Engelbrecht	Financial Director	Resigned 31 March 2017
SJ Kruger	Non-executive alternate director	6 August 2015
FN Khanyile	Independent non-executive director	Elected 2016 annual general meeting
FJJ Marais	Chief Executive Officer	
M Minnaar	Independent non-executive director	
K Pashiou	Executive Operational Director	
JP Snyman	Independent non-executive Chairman	Elected as Chairman on 24 February 2016
WL Venter	Financial Director	Appointed 1 April 2017
AE Wentzel	Lead independent non-executive director	

At least one-third of the non-executive directors stand for re-election at the AGM on a rotation basis as stipulated in the company's Memorandum of Incorporation. No person holds any preferential rights other than normal shareholder rights relating to the appointment of any particular director or number of directors.

DIRECTORS' REPORT continued

DIRECTORS' INTEREST IN CONTRACTS

Mr FJJ Marais and Mr WL Venter are members of Cosmos Management CC, Safari's property portfolio and financial managers. Mr FJJ Marais is also a director and shareholder of Safari Retail Proprietary Limited, which provides marketing services to the company.

Mr K Pashiou and Mr SJ Kruger are directors and shareholders of Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited, the portfolio development and procurement agent. Mr FJJ Marais was a director up until 1 March 2015, when he resigned as a director from Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited.

The abovementioned directors are all experienced directors who have a clear understanding of their fiduciary duties as directors of Safari; their interests in Safari Developments and other entities are disclosed annually to the Board of Safari. For the details of the contracts, the directors refer you to note 24, reported under related parties.

DIRECTORS' REMUNERATION AND SHAREHOLDING

The directors refer you to note 25 of the consolidated annual financial statements, where details of the directors' remuneration and shareholding can be found.

GROUP COMPANY SECRETARY

The Group Company Secretary is Mr DC Engelbrecht who was appointed with effect from 1 April 2016.

Business address

420 Friesland Lane, Lynnwood, Pretoria 0081

SPECIAL RESOLUTIONS

The following special resolution was passed at the annual general meeting held on 27 July 2016:

1. Approval of directors' remuneration: A non-binding advisory vote was passed with regard to remuneration to be paid by the company to the directors for the financial year ending 31 March 2017, as follows:

Directors' remuneration	2017 R	2016 R
Basic fee per quarter		
Chairman of the Board	10 000	10 000
Chief Executive Officer (CEO)	10 000	10 000
Director	8 000	8 000
Attendance fees		
Board meetings (Chairman)	10 000	10 000
Board and Exco meetings (CEO)	10 000	10 000
Board and Exco meetings (directors)	6 000	6 000
Committee meetings (Chairman and CEO)	10 000	10 000
Committee meetings	6 000	6 000
Chairman of sub-committee	10 000	10 000
Chairman of Audit and Risk Committee	300 000	–
Ad hoc work		
Per hour	1 500	1 500

During the 2017 financial year the Chairman of the Audit and Risk Committee was paid a fixed fee of R300 000 as authorised at the 2016 AGM. Directors' remuneration will be budgeted at not more than 1,5% of the gross rental income of the company.

2. It was resolved that the Memorandum of Incorporation of the company be amended by the deletion of existing clause 9 in its entirety, and the substitution thereof with the following new clause 9:

   "If a fraction of a Share comes into being as a result of any action contemplated in clause 9 or any other corporate action, the Board may, subject to compliance with the JSE Listings Requirements, to the extent applicable, round all allocations of Shares down to the nearest whole number and make or facilitate a cash payment for any fractional entitlement. Notwithstanding the aforementioned to the extent that the JSE advises of another principle to apply to fractional entitlements, the Board may apply such principle."

3. Approval to provide financial assistance to related or inter-related companies: The shareholders also approved by way of special resolution the provision of financial assistance to related or inter-related companies in terms of sections 44 and 45 of the Companies Act 71 of 2008.

Dr JP Snyman
Chairman
On behalf of the Board of Safari Investments RSA Limited

Pretoria
21 June 2017

CERTIFICATE OF **GROUP COMPANY SECRETARY**

The Group Company Secretary hereby certifies in accordance with section 82(2)(e) of the South African Companies Act 71 of 2008 that the group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed company and that all such returns are true, correct and up to date in respect of the financial year reported.

DC Engelbrecht
Group Company Secretary

Pretoria
21 June 2017

AUDIT AND RISK COMMITTEE REPORT

During the 2017 financial year the Audit and Risk Committees merged and formed one committee, the Audit and Risk Committee. All the members of the Committee are financially literate and the Board will ensure that any future appointees are financially literate. The members of the Audit and Risk Committee are Mr AE Wentzel CA(SA), the lead independent non-executive director, who chairs this Committee; Dr JP Snyman (with approval from the shareholders to be a member due to Board Chairmanship); Ms FN Khanyile; and Dr M Minnaar, all of whom are independent non-executive directors.

THE COMMITTEE'S REPORT ON AUDIT-RELATED MATTERS

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011.

The Committee is responsible for performing the functions required by it in terms of section 94(7) of the Companies Act. These functions include nominating and appointing the group's auditors and ensuring that such auditors are independent of the group, determining the fees to be paid to the auditor and the auditor's terms of engagement, ensuring that the appointment of the auditors complies with the provisions of the Companies Act and any other relevant legislation, dealing with any complaints (whether from within or outside the group) relating to accounting practices or the content of the group's financial statements and related matters.

The non-statutory functions of the Committee are to assist the Board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in the group with reference to the findings of external auditors, and reviewing and recommending, for approval by the Board, the annual financial statements and interim reports of the group, as well as other public communications of a financial nature. Other functions include considering accounting issues, reviewing audit recommendations and ensuring that the group complies with relevant legislation and sound corporate governance principles.

In addition, and if required, the Committee will review any significant cases of fraud, misconduct or conflict of interests. The Committee will, from time to time, determine policies with regard to non-audit services provided by the external auditor.

The group's external auditors have unrestricted access to the Committee and its meetings. The members of the Committee are appointed every year at the AGM.

Responsibilities of the Committee include:

- adopting and implementing an appropriate financial risk management policy, which policy:
  - is in accordance with industry practice; and
  - specifically prohibits the group from entering into any derivative transactions that are not in the normal course of business;
- reporting in the annual report each year that it has monitored compliance with the policy and that the group has, in all material respects, complied with the policy during the year concerned;
- reporting to the JSE in the annual compliance declaration (as referred to in paragraph 13.49(d) of the JSE Listings Requirements) that it has monitored compliance with the policy and that the group has, in all material respects, complied with the policy during the year concerned; and
- at the time of listing, confirming to the JSE and disclosing in the pre-listing statement that it has adopted the policy referred to in paragraph 13.46(h)(i) of the JSE Listings Requirements above.

During this financial year, the Committee conducted four meetings with an average of 88% attendance by the members (see table below).

Members	11 May 2016	7 June 2016	28 October 2016	8 February 2017
AE Wentzel	✓	✓	✓	✓
FN Khanyile	✓	✗	✓	✓
M Minnaar	✓	✓	✓	✓
JP Snyman	✓	✓	✓	✓
Attendance	**100%**	**75%**	**100%**	**100%**

EXTERNAL AUDITOR

The Committee satisfied itself through enquiry that the external auditors are independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act that internal governance processes within the firm support and demonstrate the claim to independence.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

FINANCIAL STATEMENTS AND REPORTS

Following the review of:

- the interim financial statements at 30 September 2016, which were reviewed by the external auditors; and
- the annual financial statements at 31 March 2017

the Audit and Risk Committee recommended Board approval of the statements listed above.

Accounting practices and internal control

The company contracts its property, financial management and accounting functions to Safari Retail and Cosmos Management. The Audit and Risk Committee closely monitors the internal control systems. In addition, the Committee monitors the corporate governance of the company to ensure it complies with the Companies Act, the JSE Listings Requirements and King III. No significant accounting practices or internal control measurement changes occurred during the year that required the attention of the Audit and Risk Committee.

Financial Director assessment

The Committee reviewed the expertise, experience and performance of Safari's Financial Director, Mr JZ Engelbrecht, who resigned with effect from 31 March 2017, and was satisfied with his appointment as financial director. The vacancy of the financial director was filled by Mr WL Venter and the Committee has reviewed the expertise, experience and performance of Mr WL Venter, and was satisfied with his appointment as financial director with effect from 1 April 2017. In addition the Committee reviewed and reported on the expertise, resources and experience of the group's finance functions.

Group Company Secretary assessment

The Committee also reviewed and assessed the Group Company Secretary's competence, qualifications and experience during the year. The Committee interviews and assesses Mr DC Engelbrecht on a continual basis and is satisfied that he is qualified and competent to act as the Group Company Secretary.
A written assessment has been done in this regard and was submitted to the Board in order to discharge its duties in terms of the JSE Listings Requirements 3.84(i).

AUDIT AND RISK COMMITTEE REPORT continued

THE COMMITTEE'S REPORT ON RISK-RELATED MATTERS

Safari is of the view that effective risk governance is essential to its sustainable business performance and the realisation of strategic management and operational objectives. Safari's approach ensures that any changes in risks and the impact thereof are identified and managed appropriately.

The Board has the overall responsibility of risk governance within the company and oversees that risks are being managed and reported appropriately. This includes the determination of risk appetite and tolerance levels and the approval of the risk strategy – in this regard you are referred to the Risk Management section on page 22.

The Audit and Risk Committee is further charged with the duty to identify, review and effectively monitor any financial risks and with overseeing risks that the Executive Committee and senior management have identified and to assess all the significant risks the organisation faces, and monitoring them and, in conjunction with other Board committees or the full Board, if applicable, risks such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks.

The Executive Committee and senior management are responsible for the implementation of the Board's strategy and to ensure that Safari has an effective system to manage risks and that effective and efficient risk mitigations are implemented timeously. The Audit and Risk and Executive committees report quarterly to the Board to attest that all potential and emerging risks have been identified and recorded and that appropriate actions have been taken to mitigate the risks to acceptable levels.

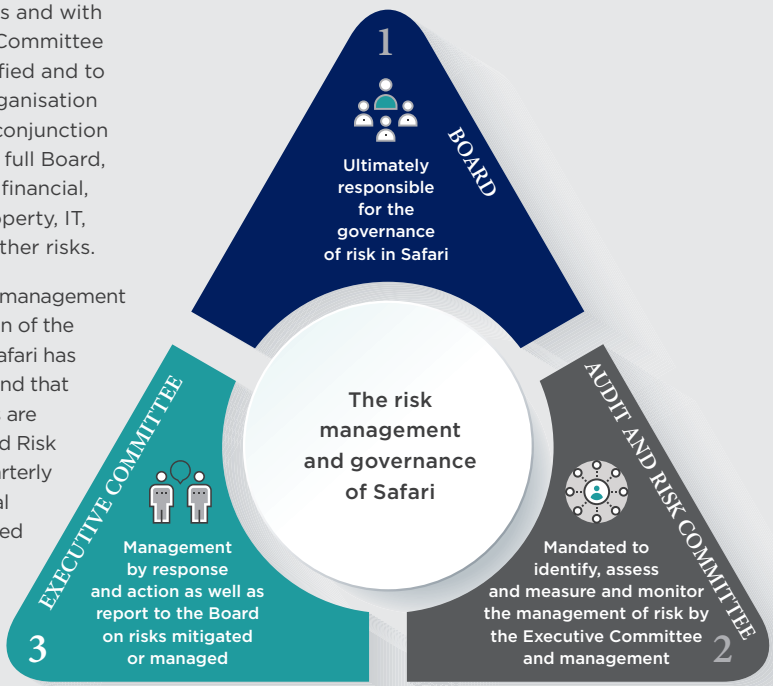
Safari's Board appreciates the fact that risk management is an integral part of the group's strategy to ensure that the value of the business is protected and to enable business and growth.

Safari is committed to continuously improve its risk strategy and management processes to ensure that the business remains risk resistant. Risk management does not necessarily eliminate risks completely, but rather provides a process and structure to manage and mitigate the possible consequences of the risks identified.

On behalf of the Audit and Risk Committee

AE Wentzel
Chairman: Audit and Risk Committee

Pretoria
21 June 2017



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Safari Investments RSA Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Safari Investments RSA Limited and its subsidiaries (the group) set out on pages 74 to 111, which comprise of the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 March 2017, and its consolidated performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT continued

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in the audit
Valuation of investment property	
The carrying value of investment properties amounted to R2 457 million and the fair value adjustment in net profit for the year in respect of investment properties was R76 million. We identified the valuation of investment properties as representing a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the fair value. The group uses independent valuers to determine the fair values for all completed developments and vacant land held annually. The inputs included in the assumptions with the most significant impact on these valuations are disclosed in note 3 (fair value of investment property), and include discount rates and capitalisation rates.	We assessed the competence, capabilities and objectivity of the directors' independent valuers and quantity surveyors, and verified their qualifications. In addition, we discussed the scope of their work with management and reviewed the terms of the engagement to determine that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. We confirmed that the approaches they used are consistent with IFRS and industry norms. We performed sensitivity analyses on the significant assumptions to evaluate the extent of the impact on the fair values and assessed the appropriateness of the group's disclosures relating to these sensitivities. We engaged our own specialist to assess the methodology, assumptions as well as certain key inputs used by the valuer. Furthermore, we tested a selection of data inputs underpinning the investment property valuation, including rental income, property operating costs, vacancy rates, tenancy schedules, escalation rates and discount rates. We found the valuation model, assumptions and inputs to be appropriate. The disclosures pertaining to the investment property, we found to be appropriate and comprehensive in the consolidated financial statement.

Key audit matter	How the matter was addressed in the audit
Valuation of inventory	
A portion of the Platz am Meer development is held as inventory as this portion of the property will be sold as residential units. Costs are capitalised to the Platz am Meer project as a whole, therefore residential units as well as the investment property, whereafter the costs are split based on judgement. As a result of the significant scale in judgement in the apportionment of the cost, the directors used a quantity surveyor to obtain the most accurate costings. It is for this reason, that the valuation of inventory has been deemed a key audit matter. The inventory balance with accompanying judgements has been disclosed in notes 1.2 and 7.	We have assessed the judgement applied in determining the percentage split of the Platz am Meer development held as inventory, by inspecting the quantity surveyor certificates and progress reports. The directors' experts were assessed to ensure they have the required knowledge and expertise to carry out their work with due care. We assessed whether the residential units are held at the lower of cost and net realisable value, by comparing the development costs to that of the estimated selling prices per square metre, set out by the directors' valuer. We identified the treatment of the inventory portion of the Platz am Meer development to be appropriately valued at the lower of cost and net realisable value, and the disclosure to be sufficient.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit and Risk Committee's Report and the Certificate of the Group Company Secretary as required by the Companies Act of South Africa, as well as the Integrated Report which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards

INDEPENDENT AUDITOR'S REPORT continued

and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

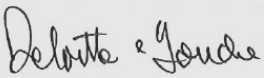
We communicate with the Audit and Risk Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Risk Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit and Risk Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte and Touche has been the auditor of Safari Investments RSA Limited for two years.



Deloitte & Touche
Registered Auditor

Per: BG Joubert
Partner

28 June 2017

CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

as at 31 March 2017

	Note(s)	2017 R'000	2016 R'000
ASSETS			
Non-current assets			
Investment property		**2 421 550**	2 054 691
Fair value of investment property	3	**2 456 990**	2 088 584
Operating lease asset		**(35 440)**	(33 893)
Intangible assets	4	**–**	14
Operating lease asset	5	**33 349**	27 809
		2 454 899	2 082 514
Current assets			
Inventories	7	**175 003**	96 905
Trade and other receivables	8	**14 139**	28 829
Operating lease asset	5	**2 091**	6 085
Current tax receivable		**1 638**	1 638
Cash and cash equivalents	9	**2 931**	3 398
		195 802	136 855
Total assets		**2 650 701**	2 219 369
EQUITY AND LIABILITIES			
Equity			
Stated capital	10	**1 187 088**	1 116 566
Retained income		**476 453**	439 466
		1 663 541	1 556 032
Liabilities			
Non-current liabilities			
Interest bearing borrowings	11	**898 433**	627 233
Deferred tax	6	**23 105**	18 478
		921 538	645 711
Current liabilities			
Trade and other payables	13	**15 792**	11 096
Interest bearing borrowings	11	**5 576**	6 530
Bank overdraft	9	**44 254**	–
		65 622	17 626
Total liabilities		**987 160**	663 337
Total equity and liabilities		**2 650 701**	2 219 369

CONSOLIDATED STATEMENT OF **PROFIT OR LOSS** AND OTHER **COMPREHENSIVE INCOME**

for the year ended 31 March 2017

	Note(s)	2017 R'000	2016 R'000
Revenue	14	**204 973**	171 631
Property revenue		**203 427**	169 055
Operating lease		**1 546**	2 576
Other income	15	**4 477**	1 185
Operating expenses		**(64 889)**	(48 687)
Operating profit		**144 561**	124 129
Investment income	17	**182**	465
Fair value adjustments	16	**74 822**	(4 997)
Gross fair value adjustments		**76 368**	(2 421)
Operating lease		**(1 546)**	(2 576)
Finance costs	18	**(59 012)**	(36 254)
Profit before taxation		**160 553**	83 343
Taxation	19	**(4 627)**	(1 800)
Profit for the year		**155 926**	81 543
Other comprehensive income		**–**	–
Total comprehensive income for the year		**155 926**	81 543
Basic earnings per share (cents)	23	**83**	46
Diluted earnings per share (cents)	23	**83**	45

CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the year ended 31 March 2017

	Stated capital R'000	Retained income R'000	Total equity R'000
Balance at 1 April 2015	1 031 570	477 850	1 509 420
Profit for the year	–	81 543	81 543
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	81 543	81 543
Capital raising fee on shares paid for and issued in the current year	(718)	–	(718)
Shares issued through capitalisation dividend	16 410	–	16 410
Shares issued through capitalisation dividend	15 214	–	15 214
Shares issued through rights offer	54 090	–	54 090
REIT distribution	–	(119 927)	(119 927)
Total contributions by and distributions to owners of company recognised directly in equity	84 996	(119 927)	(34 931)
Balance at 1 April 2016	**1 116 566**	**439 466**	**1 556 032**
Profit for the year	**–**	**155 926**	**155 926**
Other comprehensive income	**–**	**–**	**–**
Total comprehensive income for the year	**–**	**155 926**	**155 926**
Shares issued through capitalisation dividend	**5 928**	**–**	**5 928**
Shares issued through capitalisation dividend	**13 341**	**–**	**13 341**
Private placement	**31 578**	**–**	**31 578**
Private placement	**20 000**	**–**	**20 000**
Capital raising fee on shares paid for and issued in the current period	**(325)**	**–**	**(325)**
REIT distribution	**–**	**(118 939)**	**(118 939)**
Total contributions by and distributions to owners of company recognised directly in equity	**70 522**	**(118 939)**	**(48 417)**
Balance at 31 March 2017	**1 187 088**	**476 453**	**1 663 541**
Note(s)	10		

CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the year ended 31 March 2017

	Note(s)	2017 R'000	2016 R'000
Net cash used in operating activities			
Cash generated from operations	20	**84 313**	43 946
Investment income		**182**	465
REIT distribution paid	22	**(99 668)**	(88 303)
Finance costs		**(59 012)**	(36 254)
Tax received	21	**–**	4 295
Net cash used in operating activities		**(74 185)**	(75 851)
Net cash used in investing activities			
Purchase and development of investment property	3	**(292 037)**	(353 260)
Net cash used in investing activities		**(292 037)**	(353 260)
Net cash from financing activities			
Proceeds on share issue	10	**51 254**	53 371
Proceeds from bank overdraft		**71 142**	–
Repayment of bank overdraft		**(47 685)**	–
Proceeds from interest bearing borrowings		**677 330**	587 061
Repayment of interest bearing borrowings		**(407 083)**	(216 691)
Net cash from financing activities		**344 958**	423 741
Total cash movement for the year		**(21 264)**	(5 370)
Cash at the beginning of the year		**3 398**	8 768
Total cash and cash equivalents at end of the year	9	**(17 866)**	3 398

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2017

1. ACCOUNTING POLICIES

Presentation of financial statements

These consolidated annual financial statements of Safari Investments RSA Limited, and its subsidiary ("the group") have been prepared in accordance with International Financial Reporting Standards, SAICAs *Financial Reporting Guides* as issued by the Accounting Practise Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the Listings Requirements of the JSE Limited and the Companies Act 71 of 2008. The consolidated annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties at fair value, and incorporate the principle accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period except for borrowing costs capitalised (refer to note 1.13).

1.1 Consolidation

Basis of consolidation

The consolidated financial statements comprise the financial statements of the group as at 31 March 2017. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The results of the subsidiary are included in the consolidated annual financial statements from the effective date that control was acquired to the effective date that control is disposed of or lost.

All intra-group transactions, assets and liabilities, income and expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, the group is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may have an impact on the annual financial statements. Significant judgements include:

Key sources of estimation uncertainty

Trade receivables

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. The impairment for trade receivables is calculated on an individual basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio.

Fair value of investment property

Refer to note 1.3.

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less

costs to sell. These calculations require the use of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Assessment of structured entities

In assessing the relationships with key entities to the group, it was determined that Safari Developments Pretoria Proprietary Limited, Safari Developments Swakopmund Proprietary Limited and Safari Retail Proprietary Limited are unconsolidated structured entities due to their revenue being generated wholly from the Safari group, whether directly or indirectly. The entities are not considered to be controlled by Safari Investments RSA Limited.

Inventory

A percentage of Erf 71 Swakopmund and the development thereon is recognised as inventory. The reason for the classification as inventory is that the development on this part of the property will be sold as residential units.

The net realisable value of inventory has been valued by an independent external valuer, who has considered all aspects of the inventory, including:

- the current economy;
- nature of the property;
- location;
- risk profile; and
- cost to sell inventory.

The inventory has been valued using the "direct comparable method" and recognised at the lower of cost and net realisable value less cost to sell in terms of IAS 2 Inventories.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 6.

The group was listed as a Real Estate Investment Trust ("REIT") on the JSE Limited on 7 April 2014 and the manner of the realisation of deferred tax has been taken into account accordingly.

Safari Investments RSA Limited as a REIT does not have a formal distribution policy for the foreseeable future. As such assumptions cannot be made that the distributions made to the shareholders of the company will exceed the taxable income of the company. Therefore the deferred tax has been provided on the following in accordance with IAS 12 Income Taxes:

- Straight-lining of operating leases;
- Income received in advance; and
- Capital allowances previously deducted before listing as a REIT on the JSE and therefore a future recoupment for tax purposes on sale of investment properties.

After converting to a REIT, capital gains taxation is no longer applicable on the sale of investment property in terms of section 25BB of the Income Tax Act. The deferred tax rate applied to investment property at the sale rate will therefore be 0%.

Consequently, no deferred tax was raised on the fair value adjustments on investment property.

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

1. ACCOUNTING POLICIES continued

1.2 Significant judgements and sources of estimation uncertainty continued

Key sources of estimation uncertainty continued

Expected manner of realisation for deferred tax continued

The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Operating lease straight-lining

Included in the lease smoothing calculations are lease agreements with escalation terms linked to the Consumer Price Index ("CPI"). The escalation terms state that the annual escalation will be equal to the CPI percentage, but limited to 7% per annum.

The lease smoothing calculations were done on the assumption that the escalation will be 7% to 8% in the future, as the future CPI escalation percentage is not available.

1.3 Fair value of investment property

The valuation of the property has been carried out by an external valuer who has considered all aspects of all the properties, including:

- the current economy;
- nature of the property;
- location;
- tenancy;
- risk profile;
- forward rent and earning capability;
- exposure to future expenses and property risk;
- tenancy income capability; and
- property expenditure.

The value thus indicates the fair market values for the properties. The group accordingly applied the fair value model.

The calculation of the market values of the improved properties or the proposed development has been based on income capitalisation, making use of market rental rates and capitalisation rates.

The vacant land has been valued on the "direct comparable basis".

The discounted cash flow has, however, been calculated for developed property as the only method of valuation in order for the capitalised value to be calculated and is consistent with market norms and expectations.

The "highest and best use" has been considered when determining the market value of the existing buildings, those in the "process of development" as well as the "vacant land".

The considerations for the capitalised valuations are as follows:

- Calculating the forward cash flow of all contractual and other income from the property;
- Calculating the forward contractual and other expenditure as well as provisions for various

expenses in order to provide for future capital expenditure to which the property may be exposed; and
- The current area vacancy as a percentage of the leasable area.

The valuer has also deducted percentages of the net annual income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting.

1.4 Intangible assets

An intangible asset is recognised when:
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation for the year is included in the operating expenses line item on the statement of profit and loss and other comprehensive income.

The amortisation period and the amortisation method for intangible assets are reviewed at every period end. Amortisation is provided to write down the intangible assets, on a straight-line basis:

Item	Useful life
Computer software	1 year
Website	3 years

Derecognition

Gains and losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive Income when the asset is derecognised.

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained or incurred and takes place at initial recognition.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, less transaction costs to sell.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership to another party.

Financial liabilities are derecognised when the obligation under the liability is discharged or cancelled or expires.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

1. ACCOUNTING POLICIES continued

1.5 Financial instruments continued

Impairment of financial assets

At each reporting date the group assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account.

Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade and other receivables are classified as loans and receivables. Irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

Subsequent recoveries of amounts previously written off are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Borrowings

Borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Effective interest rate

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on the instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.7 Leases

All leases with tenants are classified as operating leases.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

The accrued operating lease income straight-lining adjustment is recognised as an asset in the statement of financial position. The current portion of the operating lease asset is the portion of the accrued operating lease income straight-lining adjustment that will reverse in the next financial year.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed within revenue in profit or loss.

1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the construction process.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity.

Ordinary shares paid for and issued are recognised as stated capital.

Ordinary shares fully paid for but not yet issued are classified as equity within the statement of changes in equity.

1.10 Earnings per share

The group presents basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

1. ACCOUNTING POLICIES continued

1.10 Earnings per share continued

The calculation of headline earnings per share is based on the net profit attributable to equity holders of the parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE Limited and Circular 2 of 2015.

1.11 Revenue

The group earns revenue from the leasing of investment property and recoveries of property expenses. Revenue from rental agreements is recognised in accordance with the accounting policy for operating leases.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for apartment sales and leasing services provided in the normal course of business, net of value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.12 Turnover rent

Where applicable turnover rent is negotiated with tenants on an individual basis. Turnover rent is recognised when it is due in terms of the lease agreement.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

During the year ended 31 March 2017, the group has elected to change its accounting policy in terms of IAS 23 Borrowing Costs, to capitalise the borrowing costs on qualifying assets and developments. There would be no material impact on the prior year profits, distributions or the retained income balance if this change is retrospectively applied. The group has therefore elected not to restate the prior year financial statements.

1.14 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker. The segment's assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The group's operating segments are reported based on the location of every property within the group.

The measurement policies the group uses for segment reporting under IFRS 8 Operating Segments are the same as those used in the financial statements.

The group classifies the following main segments (shopping centres), which is consistent with the way in which the group reports internally:

- Atlyn, Mnandi and Nkomo (Atteridgeville);
- Denlyn (Mamelodi);
- Thabong (Sebokeng);

- The Victorian (Heidelberg); and
- Platz am Meer (Namibia).

1.15 Related parties

A related party, in the case of the group, is a person or entity that is related to the reporting entity.

a) A person or a close corporation of that person's family is related to the group if that person:
   i) has control or joint control over the group:
   ii) has significant influence over the group; or
   iii) is a member of the key management personnel of the group or of a parent of the group.

b) An entity is related to the group if any of the following conditions applies:
   i) The entity and the group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
   ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
   iii) the entity is controlled or jointly controlled by a person identified in (a); or
   iv) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

The related parties of the group consist of companies with common directorship, trusts with directors acting as trustees, close corporations with directors acting as members and a wholly owned subsidiary of such entities.

The majority of capitalised development costs are transacted with related parties. Bookkeeping and administration services are rendered by related parties. Refer to note 23.

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

Disclosure Initiative: Amendment to IAS 1 Presentation of Financial Statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its financial statements. It also provides amended guidance concerning the order of presentation of the notes in the financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) will be reclassified subsequently to profit or loss.

The effective date of the amendment is for years beginning on or after 1 January 2016.

The group has adopted the amendment for the first time in the 2017 financial statements.

IFRS 9 Financial Instruments

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement (IAS 39) and is effective for annual periods beginning on or after 1 January 2018. The new standard does away with the rule-based classifications previously seen under IAS 39 and, in its stead, requires principle-based classifications which are driven by cash flow characteristics of the instrument and the group business model. The measurement classes for financial instruments under the new standard comprise amortised cost, fair value through profit or loss and fair value through other comprehensive income.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 Standards and interpretations effective and adopted in the current year continued

IFRS 9 Financial Instruments continued

The standard also incorporates a forward-looking 'expected loss' impairment model, which is a departure from the 'incurred loss' model applied previously under IAS 39. The forward-looking model includes credit risk assessments from the date of initial recognition using probability weighted outcomes. Where forward-looking information is not available, there is a rebuttable presumption that credit risk has increased significantly when contractual payments are more than 30 days past due. A three-stage approach is used to recognise expected credit losses: stage 1 – 12-month expected credit losses: stage 2 – lifetime expected credit losses: stage 3 – credit impaired lifetime expected credit losses. The standard also incorporates hedge accounting requirements which are more aligned with risk management activities than under the largely rule-based approach of IAS 39.

The group is in the process of assessing the impact of the new standard on the classification and measurement of its financial instruments. The group will adopt the new standard on its mandatory effective date which is for years beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers; and SIC 31 Revenue – Barter Transactions Involving Advertising Services. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements. The effective date of the standard is for years beginning on or after 1 January 2018. The group expects to adopt the standard for the first time in the 2019 consolidated financial statements.

The impact of this standard is currently being assessed.

IFRS 16 Leases

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases, with the objective of ensuring that lessors provide relevant information that faithfully represents those transactions.

Accounting by a lessor

Upon lease commencement, a lessor shall recognise assets held under a finance lease as a receivable at an amount equal to the net investment in the lease.

A lessor recognises finance income over the lease term of a finance lease, based on a pattern reflecting a constant periodic rate of return on the net investment.

A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which the benefit from use of the underlying asset is diminished, another systematic basis.

2. NEW STANDARDS AND INTERPRETATIONS continued

2.1 Standards and interpretations effective and adopted in the current year continued

IFRS 16 Leases continued

Disclosure

The objective of IFRS 16's disclosures is for information to be provided in the notes that, together with information provided in the statement of financial position, statement of profit or loss and statement of cash flows, gives a basis for users to assess the effect of leases. The effective date of the standard is for years beginning on or after 1 January 2019. The group expects to adopt the standard for the first time in the 2020 consolidated financial statements. The impact of the standard is currently being assessed.

3. FAIR VALUE OF INVESTMENT PROPERTY

	2017		2016	
	Cost/ valuation R'000	Carrying value R'000	Cost/ valuation R'000	Carrying value R'000
Investment property	**2 421 550**	**2 421 550**	2 054 691	2 054 691

Reconciliation of fair value of investment property – 2017

	Opening balance R'000	Additions R'000	Operating lease straight-lining asset R'000	Fair value adjustments R'000	Total R'000
Investment property	**2 054 691**	**292 037**	**(1 546)**	**76 368**	**2 421 550**

Reconciliation of fair value of investment property – 2016

	Opening balance R'000	Additions R'000	Operating lease straight-lining asset R'000	Fair value adjustments R'000	Total R'000
Investment property	1 706 428	353 260	(2 576)	(2 421)	2 054 691

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

3. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of property

	2017 R'000	2016 R'000
Sebokeng		
Erf 103 measuring 9 643m²		
Erf 104 measuring 9 643m²		
Erf 105 measuring 10 000m²		
Erf 106 measuring 9 643m²		
Erf 74995 measuring 51 061m²		
Erf 86 and 95 measuring 2 751m²		
Sebokeng Unit 10 Ext 1: Retail shopping centre		
– Purchase price: Land	**7 739**	7 739
– Purchase price: Buildings	**1 637**	1 637
– Additions since purchase or valuation	**387 284**	346 631
– Fair value adjustments	**92 240**	26 093
	488 900	382 100
Mamelodi		
Erf 19265 Mamelodi measuring 4 849m²		
Erf 40827 Mamelodi Ext 13 measuring 75 539m²		
Erf 40827 is a consolidated property made up of previous erven measuring 35 380m², 40 327m² and 40 326m² (portion 1) Mamelodi Ext 1:		
Retail shopping centre		
– Purchase price: Land	**18 525**	18 525
– Purchase price: Buildings	**173 985**	173 985
– Additions since purchase or valuation	**247 780**	222 361
– Fair value adjustments	**253 510**	166 829
	693 800	581 700
Atteridgeville		
Erf 16248 Atteridgeville Ext 25 measuring 64 926m²		
Erf 16248 is a consolidated property made up of erven 15232, 15233 and 15234, Atteridgeville Ext 25:		
Retail shopping centre		
– Purchase price: Land	**11 379**	11 379
– Purchase price: Buildings	**194 735**	194 735
– Additions since purchase or valuation	**127 170**	125 881
– Fair value adjustments	**151 116**	96 505
	484 400	428 500

3. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of property continued

	2017 R'000	2016 R'000
Atteridgeville		
Erf 9043 measuring 69 068m²		
Erf 9044 measuring 8 401m²		
Erf 9045 measuring 3 472m²		
Atteridgeville Ext 5:		
Property under development		
– Purchase price: Land	**12 562**	12 562
– Additions since purchase or valuation	**26 786**	20 522
– Fair value adjustments	**46 900**	42 838
	86 248	75 922
Atteridgeville		
Remainder of Portion 294, Farm Pretoria Town and Townlands 351, Maunde Street		
Atteridgeville Ext 45, stand 16249 and 16250, measuring 26 141m²:		
Retail shopping centre		
– Purchase price: Land	**4 000**	4 000
– Additions since purchase or valuation	**139 011**	132 724
– Fair value adjustments	**(39 511)**	(44 724)
	103 500	92 000
Heidelberg		
Portion 1 and portion 3 of Erf 3523 measuring 34 000m²		
Ext 19 Heidelberg Township:		
Retail shopping centre		
– Acquisition through business combination	**132 414**	132 414
– Additions to business combination	**2 388**	2 388
– Additions since purchase or valuation	**18 693**	10 940
– Fair value adjustments	**1 105**	(2 242)
	154 600	143 500
Soweto		
Stand 14475 Protea Glen Ext 6, Johannesburg, Gauteng:		
Day-hospital		
– Additions since purchase or valuation	**27 591**	17 847
– Fair value adjustments	**6 309**	10 553
	33 900	28 400

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

3. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of property continued

	2017 R'000	2016 R'000
Lynnwood		
Stands 582-585 (inclusive), Portion 1 of Stand 586 (Sections 1 and 2 of Lynnwood 586 Een) and remaining extent of Stand 586 Lynnwood, Tshwane, Gauteng:		
Residential property		
– Purchase price: Land and buildings	**40 795**	40 795
– Additions since purchase or valuation	**49**	–
– Fair value adjustments	**(1 644)**	–
	39 200	40 795
Subsidiary property		
Swakopmund, Namibia		
Erf 14 measuring 1 636m²		
Erf 15 measuring 1 529m²		
Erf 16 measuring 1 866m²		
Erf 67 measuring 1 910m²		
Erf 68 measuring 3 469m²		
Erf 69 measuring 522m²		
Erf 71 measuring 20 239m² (Being 70% of total square metres of 29 041) Swakopmund, Erongo Region, Registration division G:		
Property under development		
– Purchase price: Land	**16 000**	16 000
– Additions since purchase	**579 696**	307 018
– Transferred to inventory	**(175 003)**	(96 905)
– Fair value adjustments	**(48 251)**	89 554
	372 442	315 667

Certain investment property is held as security for mortgage bonds and the bank facility. The value of encumbered property is as follows:

- First continuing covering mortgage bond for R182 000 000 over Erf 16248 Atteridgeville Extension 25;
- Second continuing covering mortgage bond for R34 600 000 over Erf 16248 Atteridgeville Extension 25;
- First continuing covering mortgate bond for R100 000 000 over Portion 3 of Erf 3523 Heidelberg Extension 19;
- First continuing covering mortgate bond for R482 000 000 over Erf 19265 Mamelodi, Erf 40827 Mamelodi Extension 13 and Erven 103 105 106 and Erf 74995 Sebokeng, Unit 10, Extension 1;
- Second continuing covering mortgate bond for R77 200 000 over Erf 19265 Mamelodi, Erf 40827 Mamelodi Extension 13 and Erven 103 105 106 and Erf 74995 Sebokeng;

3. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of property continued

- First continuing covering mortgage bond for R70 000 000 over Erf 16251 Atteridgeville;
- First continuing covering mortgate bond for R18 200 000 over Erf 14475 Protea Glen Extension 6;
- Cession in security by the borrower in respect of leases and rentals in respect of the properties referred to above; and
- First covering mortgage bond for N$100 million over Erf 14 – 16, 68 – 90 and 71 Swakopmund.

Safari bound itself as surety and co-principal debtor for the overdraft facility at Bank Windhoek for Safari Investments Namibia Proprietary Limited.

Direct operating costs (including repairs and maintenance), relating to the investment property that generated rental income during the period, of R53 539 241 (2016: R41 341 994) are included in profit or loss.

Direct operating costs (including repairs and maintenance), relating to the investment property that did not generate rental income during the period, of R8 510 873 (2016: R4 725 214) are included in profit or loss.

Details of valuation

The effective date of the revaluations was Friday, 31 March 2017. Valuations were performed by an independent valuer, Mr WJ Hewitt, Professional Valuer NDPV, CIEA, FIVSA, MRICS, Appraiser, of Messrs Mills Fitchet. Mills Fitchet is not connected to the company and has recent experience in the location and categories of the investment property being valued.

The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totalling R2 319 400 000 (2016: R1 656 200 000) was based on the discounted cash flow method. The following assumptions were used in respect of:

- discount rate: 14,25% (2016: 13,5%); and
- capitalisation: 8,25% (2016: 8,5%).

The valuation of investment property (Erf 9043, 9044, 9045 Atteridgeville Ext 5 and remainder of Portion 294, Farm Pretoria Town and Townlands 351 and Erf 68 of the subsidiary's property and the Lynnwood property), totalling R137 589 936 (2016: R391 588 543) was based on the direct comparable method, plus development cost. This method was used as the erven identified above are new stands purchased during 2013, which are not yet income earning (not yet generating cash flow).

These assumptions are based on current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

See note 1.2. Significant judgements and sources of estimation uncertainty and note 1.3 – Fair value of investment property, for inputs and basis of valuations used.

These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13. 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.

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for the year ended 31 March 2017

3. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of valuation continued

Information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 March 2017 R'000	Fair value at 31 March 2016 R'000	Valuation techniques	Unobservable inputs
Erf 16248, Atteridgeville Ext 25	**484 400**	428 500	Discounted cash flow	Capitalisation rate
Erf 19265 and Erf 40827, Mamelodi Ext 13	**693 800**	581 700	Discounted cash flow	Capitalisation rate
Erf 103, Erf 104, Erf 105, Erf 106 and Erf 74995, Sebokeng Unit 10 Ext 1	**488 900**	382 100	Discounted cash flow	Capitalisation rate
Portion 1 and portion 3 of Erf 3523, Heidelberg Ext 19	**154 600**	143 500	Discounted cash flow	Capitalisation rate
Erf 9043, Erf 9044 and Erf 9045, Atteridgeville Ext 5	**86 248**	75 922	Direct comparable method	Price per m² Plus capital spent
Remainder of Portion 294, Farm Pretoria Town and Townlands, Maunde Street, Atteridgeville Ext 45	**103 500**	92 000	Discounted cash flow	Capitalisation rate
Erf 14, Erf 15, Erf 16, Erf 69, Erf 70 and Erf 71 , Swakopmund	**360 300**	303 525	Discounted cash flow	Capitalisation rate
Erf 68, Swakopmund	**12 142**	12 142	Direct comparable method	Price per m²
Lynnwood	**39 200**	40 795	Direct comparable method	Price per m²
Soweto	**33 900**	28 400	Discounted cash flow	Capitalisation rate
	2 456 990	2 088 584		

If the valuer were to increase both the capitalisation and discount rates by 0,50%, the total valuation would decrease by R113 845 000. If the valuer were to decrease both the capitalisation and discount rates by 0,50% the total valuation would increase by R140 872 000.

Reconciliation of Level 3 fair value measurements

	Erf 16248, Atteridgeville Ext 25 R'000	Erf 19265 and Erf 40827 Mamelodi Ext 13 R'000	Erf 103 Erf 104 Erf 105 Erf 106 and Erf 74995 Sebokeng Unit 10 Ext 1 R'000
Fair value adjustment opening balance	96 505	166 829	26 093
Fair value adjustment in 2017	54 611	86 681	66 147
Fair value adjustment closing balance	**151 116**	**253 510**	**92 240**

Discount rate/ price per m² 2017	Discount rate/ price per m² 2016	Capitalisation rate 2017	Capitalisation rate 2016	Relationship of unobservable inputs to fair value
14,25%	13,50%	**8,25%**	8,50%	The lower the cap. rate the higher the value
14,25%	13,50%	**8,25%**	8,50%	The lower the cap. rate the higher the value
14,25%	13,50%	**8,25%**	8,50%	The lower the cap. rate the higher the value
14,50%	13,75%	**8,50%**	8,75%	The lower the cap. rate the higher the value
R740/m²	R 685/m²	**N/A**	N/A	The higher the rate/m² the higher the value
14,25%	13,50%	**8,25%**	8,50%	The lower the cap. rate the higher the value
14,00%	N/A	**8,00%**	N/A	The lower the cap. rate the higher the value
N$3 500/m²	N$390 – N$3 500/m²	**N/A**	N/A	The higher the rate/m² the higher the value
R3 341/m²	N/A	**N/A**	N/A	The higher the rate/m² the higher the value
15,00%	14,50%	**9,00%**	9,50%	The lower the cap. rate the higher the value

Portion 1 and portion 3 of Erf 3523 Heidelberg Ext 19 R'000	Erf 14, Erf 15 Erf 16, Erf 68 Erf 69, Erf 70 and Erf 71, Swakopmund R'000	Erf 9043 Erf 9044 and Erf 9045, Atteridgeville Ext 5 R'000	Remainder of Portion 294 Farm Pretoria Town and Townlands Maunde Street Atteridgeville Ext 45 R'000	Stand 14475 Protea Glen Extension 6, Johannesburg, Gauteng R'000	Lynnwood R'000	Total R'000
(2 242)	89 554	42 838	(44 724)	10 553	–	385 406
3 347	(137 805)	4 062	5 213	(4 244)	(1 644)	76 368
1 105	**(48 251)**	**46 900**	**(39 511)**	**6 309**	**(1 644)**	**461 774**

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

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4. INTANGIBLE ASSETS

	2017			2016		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying value R'000
Website	34	(34)	–	34	(20)	14
Total	34	(34)	–	34	(20)	14

Reconciliation of intangible assets – 2017

	Opening balance R'000	Amortisation R'000	Total R'000
Website	14	(14)	–

Reconciliation of intangible assets – 2016

	Opening balance R'000	Amortisation R'000	Total R'000
Website	25	(11)	14
	25	(11)	14

5. OPERATING LEASE ASSET

	2017 R'000	2016 R'000
Non-current assets	33 349	27 809
Current assets	2 091	6 085
	35 440	33 894
Movement can be reconciled as follows:		
Balance at the beginning of the year	33 894	31 318
Movement during the year	1 546	2 576
	35 440	33 894
The future minimum lease payments receivable under non-cancellable leases are as follows:		
Future minimum lease payments receivable:		
– no later than one year	180 302	153 585
– later than one year but not later than five years	426 715	289 655
– later than five years	240 500	145 531
	847 517	588 771

The average lease terms are for 3 to 10 years and the average effective escalation rate is from 7% to 10% per annum.

6. DEFERRED TAX

The deferred tax liability relate to income tax in the jurisdictions of South Africa and Namibia. The balances in both the Namibian and South African jurisdictions comprised liabilities. No offsetting took place.

	2017 R'000	2016 R'000
The balances comprise		
Income received in advance	**1 547**	821
Operating lease asset	**(8 466)**	(8 033)
Investment property	**(16 186)**	(11 266)
	(23 105)	(18 478)
Reconciliation of deferred tax asset/(liability)		
At the beginning of the year	**(18 478)**	(16 678)
Originating and reversing temporary differences on income received in advance	**726**	(25)
Originating and reversing temporary differences on operating lease asset	**(433)**	(721)
Originating and reversing temporary differences on capital allowances for investment property	**(4 920)**	(1 054)
	(23 105)	(18 478)

7. INVENTORIES

	2017 R'000	2016 R'000
Opening balance	**96 905**	36 632
Capitalisation of costs	**78 098**	60 273
	175 003	96 905

30% of Erf 71, Swakopmund, Erongo Region, Registration division G, measuring 8 712m^2, being residential units to be erected and constructed on the land, that will be available for sale after capital improvements are completed on the property.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

8. TRADE AND OTHER RECEIVABLES

	2017 R'000	2016 R'000
Trade receivables	**1 828**	1 141
Municipal deposits	**68**	68
Value added tax	**11 821**	27 382
Other receivables	**308**	124
Prepaid expenses	**114**	114
	14 139	28 829
Split between non-current and current portions		
Current assets	**14 139**	28 829

Trade and other receivables pledged as security

No trade and other receivables balances were pledged as security for any of the group's liabilities.

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired is determined to be fully recoverable.

Safari Retail Proprietary Limited performs credit checks on tenants prior to the group entering into lease agreements.

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates.

Fair value of trade and other receivables

The directors consider the carrying amount of trade and other receivables to approximate their fair values, due to the relatively short-term nature thereof.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than one month past due are not considered to be impaired unless the debtor has a history of non-payment. At 31 March 2017, R151 172 (2016: R220 548) was past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2017 R'000	2016 R'000
60 days	**111**	72
90 days and over	**40**	149

Trade and other receivables impaired

As of 31 March 2017, trade and other receivables of R313 506 (2016: R185 176) were impaired and provided for.

Outstanding debtor balances are presented to the Executive Committee on a monthly basis, where they discuss the recoverability thereof; should they deem that the amount is not recoverable, an instruction will be given to impair.

9. CASH AND CASH EQUIVALENTS

	2017 R'000	2016 R'000
Bank balances	**2 209**	3 099
Short-term deposits	**47**	94
Listing funds' bank account*	**675**	205
Bank overdraft used in operations	**(20 797)**	–
	(17 866)	3 398
Bank overdraft used in financing activities	**(23 457)**	–
	(41 323)	
Current assets	**2 931**	3 398
Current liabilities	**(44 254)**	–
	(41 323)	3 398

** The listing funds' bank account is exclusively for shareholders' deposits for the funds raised during the listing process or subsequent share issues. The balance in the account is due to unpaid cheques on the REIT distribution for certificated shareholders and the account requires a minimum account balance of R25 000.*

The bank overdraft is secured by limited suretyship for N$100 million by Safari Investments RSA Limited and a registered cession of Builders Risk Policy for N$558 773 472. Please refer to note 1.3 for details of all investment property held as security.

Due to the short-term nature of cash and cash equivalents the carrying amount is deemed to approximate the fair value.

10. STATED CAPITAL

	2017 R'000	2016 R'000
Authorised		
2 000 000 000 no par value ordinary shares		
Reconciliation of number of shares issued:		
Reported at the beginning of the year	**182 182**	172 282
Private placement	**3 947**	–
Private placement	**2 632**	–
Capitalisation dividend (at R7,60 per share) (2016: at R8,29 per share)	**1 755**	1 980
Rights offer (at R8,75 per share)	**–**	6 181
Capitalisation dividend (at R8,00 per share) (2016: at R8,75 per share)	**741**	1 739
	191 257	182 182

2017: Capitalisation dividend of R0,32 per share was declared resulting in 740 964 (at R8,00 per share) and 1 755 416 (at R7,60 per share) additional shares listed due to capitalisation option elected.

3 947 368 (at R8,00 per share) and 2 631 579 (at R7,60 per share) shares were issued for cash under Safari's general authority by shareholders during July 2017 and November 2017 respectively through a private placement process.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

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10. STATED CAPITAL continued

2016: Capitalisation dividend of R0,36 per share was declared resulting in 1 979 547 (at R8,29 per share) and 1 738 732 (at R8.75 per share) additional shares listed due to capitalisation option elected. 6181 597 additional shares were taken up by means of a rights offer at R8,75 per share on 2 October 2015.

The transaction cost of the capitalisation dividend and private placements amounted to R325 232 (2016: R717 858) and has been set off against the amount received for the capital.

At the annual general meeting held on 5 August 2015 the decision was taken to increase the authorised share capital to 2 billion.

	2017 R'000	2016 R'000
Issued		
191 257 646 (2016: 182 182 319) no par value ordinary shares	**1 187 088**	1 116 566

The issued shares are fully paid for.

11. INTEREST BEARING BORROWINGS

	2017 R'000	2016 R'000
Held at amortised cost		
Facility 2 – Absa Bank Limited	**904 009**	633 763
Secured loan accruing interest at the prime bank overdraft rate less 1,05% (Prime: 10,5% (2016: 9,00%)) at year end.		
Secured by certain investment property as per note 3. Total facility: R900 000 000 (2016: R700 000 000).		
Cash received during the 2017 financial year from the interest bearing borrowings: R677 330 116 (2016: R587 060 824).		
Cash repayment during the 2017 financial year on the interest bearing borrowings: R407 084 222 (2016: R216 690 884).		
Non-current liabilities		
At amortised cost	**898 433**	627 233
Current liabilities		
At amortised cost	**5 576**	6 530
	904 009	633 763
Fair value of the financial liabilities at amortised cost		
Bank loans	**904 009**	633 763

The directors consider the carrying amount of bank loans to approximate their fair values as the interest rates associated with these bank loans are considered to be market related.

Safari Investments RSA Limited entered into a new R900 million agreement with Absa, the agreement became effective at 1 May 2016. According to the new repayment terms, Safari Investments RSA Limited has no capital repayment obligation in the 2018 financial year.

12. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	Financial liabilities at amortised cost R'000	Total R'000
2017		
Interest bearing borrowings	**904 009**	**904 009**
Trade and other payables	**10 266**	**10 266**
	914 275	**914 275**
2016		
Interest bearing borrowings	633 763	633 763
Trade and other payables	8 164	8 164
	641 927	641 927

13. TRADE AND OTHER PAYABLES

	2017 R'000	2016 R'000
Trade payables	**2 521**	1 922
Income received in advance	**5 526**	2 932
Tenants' deposits received	**7 745**	6 242
	15 792	11 096

Fair value of trade and other payables

Trade payables will be paid within 12 months. The carrying value of trade and other payables is considered to approximate fair value due to the short-term nature thereof.

14. REVENUE

	2017 R'000	2016 R'000
Rental income	**194 518**	161 183
Straight-line lease income adjustment	**1 546**	2 576
Costs recovered	**8 909**	7 872
	204 973	171 631

Certain tenants are also invoiced for turnover rental which is based on a percentage of their audited annual turnover.

Total turnover rental recognised as income in the period is R5 420 533 (2016: R4 808 155).

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

15. OTHER INCOME

	2017 R'000	2016 R'000
Administration and management fees received	33	10
Recovery bank charges, contract fees and signage	670	655
Insurance claims received	2 572	99
Other income	1 202	421
	4 477	1 185

16. FAIR VALUE ADJUSTMENTS

	2017 R'000	2016 R'000
Investment property	76 368	(2 421)
Operating lease straight-lining asset	(1 546)	(2 576)
	74 822	(4 997)

17. INVESTMENT INCOME

	2017 R'000	2016 R'000
Interest income		
Bank	109	448
Interest charged on trade and other receivables	73	17
Total interest income	182	465

18. FINANCE COSTS

	2017 R'000	2016 R'000
Borrowings	59 012	36 254

The prime lending rate increased by 1,50% year-on-year (2017: 10,50%/2016: 10,50%). The increase in finance costs directly relates to the utilisation of the Absa facility to fund capital projects during the construction phase.

19. TAXATION

	2017 R'000	2016 R'000
Major components of the tax expense		
Deferred		
Originating and reversing temporary differences on income received in advance	**(726)**	25
Originating and reversing temporary differences on capital allowances on investment property	**4 920**	1 054
Originating and reversing temporary differences on operating lease asset	**433**	721
	4 627	1 800
Reconciliation of the tax expense		
Reconciliation between applicable tax rate and average effective tax rate		
Applicable tax rate (%)	**28,00**	28,00
Non-deductible expenses (%)	**–**	–
Non-taxable fair value adjustment (%)	**(13,05)**	1,68
REIT distribution deductible for tax (%)	**(12,07)**	(27,52)
	2,88%	2,16%

20. CASH GENERATED FROM OPERATIONS

	2017 R'000	2016 R'000
Profit before taxation	**160 553**	83 343
Adjustments for:		
Depreciation and amortisation	**14**	12
Investment income	**(182)**	(465)
Finance costs	**59 012**	36 254
Fair value adjustments	**(74 822)**	4 997
Movements in operating lease assets	**(1 546)**	(2 576)
Changes in working capital:		
Inventories	**(78 098)**	(60 273)
Trade and other receivables	**14 686**	(20 137)
Trade and other payables	**4 696**	2 791
	84 313	43 946

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

21. TAX PAID

	2017 R'000	2016 R'000
Balance at the beginning of the year	**1 638**	5 933
Balance at the end of the year	**(1 638)**	(1 638)
	–	4 295

22. REIT DISTRIBUTION PAID

	2017 R'000	2016 R'000
Prior year final profit distribution (32 cents per share) (2016: 34 cents per share)	**(52 370)**	(46 137)
Capitalisation of profit distribution (R8,00 per share) (2016: R8,75 per share)	**(5 928)**	(15 214)
Interim profit distribution (32 cents per share) (2016: 34 cents per share)	**(47 300)**	(42 166)
Capitalisation of profit distribution (R7,60 per share) (2016: R8,29 per share)	**(13 341)**	(16 410)
	(118 939)	(119 927)

REIT distributions are from operational profits.

R99 668 459 (2016: R88 302 606) was paid in cash to shareholders, the remaining balance of R19 270 596 (2016: R31 624 244) was settled by means of capitalisation dividend.

23. EARNINGS PER SHARE

	2017 R'000	2016 R'000
Earnings used in the calculation of basic earnings per share (profit after tax)	**155 926**	81 543
Ordinary shares in issue at year end	**191 257**	182 182
Weighted average number of ordinary shares	**186 837**	177 386
Headline earnings	**79 558**	83 964
Basic earnings per share (cents)	**83**	46
Diluted earnings per share (cents)	**83**	45
Basic headline earnings per share (cents)	**43**	47
Diluted headline earnings per share (cents)	**43**	46
Headline earnings reconcilliation		
Basic earnings (profit after tax)	**155 926**	81 543
Gains and losses from the adjustment to the fair value of non-current assets	**(76 368)**	2 421
Headline earnings	**79 558**	83 964

24. 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

	2017 R'000	2016 R'000
Related party transactions		
Services rendered by/purchases from related parties		
Safari Developments Pretoria Proprietary Limited	**81 971**	125 107
Safari Developments Swakopmund Proprietary Limited	**252 471**	212 087
Safari Retail Proprietary Limited	**2 753**	1 949
Pace Construction Proprietary Limited	**3 617**	263
Matla Quantity Surveyors Proprietary Limited	**66**	–
Fanus Kruger Consulting CC	**80**	–
Close corporations controlled by common director		
Cosmos Management CC	**6 446**	5 381
MDM Architects CC	**114**	–
Compensation to directors and other key management		
Short-term employee benefits (Directors' remuneration detail – note 25)	**2 716**	2 588

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

24. RELATED PARTIES continued

Common directorship, membership and shareholding related to material related parties balances and transactions:

Common directorship and shareholding:

Safari Developments Pretoria Proprietary Limited ("SDP")

- FJJ Marais (25%) resigned as director from 1 March 2015
- K Pashiou (25%)
- JC Verwayen (25%)
- SJ Kruger (25%)

Common membership and shareholding:

Cosmos Management CC

- FJJ Marais (55%)

Services provided by material related parties:

Cosmos Management CC:

Cosmos Management CC provides bookkeeping and property facility management services to the group at a cost of 3% of the group's annual turnover. The whole of Safari's property portfolio is managed by Cosmos Management CC. For Safari's 2017 financial period, Cosmos Management CC's revenue comprises the following:

87% (2016: 87%) of revenue received was for property facility management and bookkeeping services, while the remaining 13% (2016: 13%) of its revenue was earned from various other bookkeeping clients.

Safari Retail Proprietary Limited:

The total revenue for Safari Retail Proprietary Limited ("Retail") for the financial year ended 31 March 2017 derived from Safari Investments RSA Limited ("Safari" or "the company") amounted to R2 753 317 (2016: R1 948 740). This was 24% (2016:19%) of Retail's total revenue. The services rendered in terms of an agreement entered into between Retail and the company were for secretarial and administration services at a cost of 0,4% of the company's annual turnover amounting to R873 169 (2016: R680 000) and for the secondment of a Financial Director at a cost of 0,4% of the company's annual turnover amounting to R873 169 (2016: R680 000). Retail was also contracted to render marketing and letting services to the company for its existing centres and the fees relating to these services were R1 006 979 (2016: R1 006 464). These fees are calculated on the basis of SAPOA rates whereby Retail charges 50% of the SAPOA rates for anchor tenants and 65% for any other tenants.

Safari Developments Pretoria Proprietary Limited and Safari Developments Swakopmund Proprietary Limited:

Various development agreements were entered into between Safari Investments RSA Limited ("investor") and Safari Developments Pretoria Proprietary Limited ("developer") and in Namibia, Safari Developments Swakopmund Proprietary Limited. Safari Investments RSA Limited provides the necessary funds to cover the development cost. The agreed-upon development cost will be paid over to the developer by way of progress payments as agreed by the investor and developer. Once the project is complete, the developer will hand the project over to the investor.

24. RELATED PARTIES continued

The following table summarises the carrying values recognised in the statement of financial position of Safari Investments RSA Limited's interest in Safari Developments Pretoria Proprietary Limited and in Namibia, Safari Developments Swakopmund Proprietary Limited, as of 31 March 2017:

Project	Contract value R'000	Maximum exposure to losses* R'000	Contractor	Type of agreement	Progress at 31 March 2017 %
Swakopmund	639 632	64 103	Safari Developments Swakopmund Proprietary Limited	Turnkey development	**90**
Sebokeng	60 537	16 482	Safari Developments Pretoria Proprietary Limited	Turnkey development	**73**
Nkomo Village	314 435	275 082	Safari Developments Pretoria Proprietary Limited	Turnkey development	**13**
Heidelberg	24 234	5 936	Safari Developments Pretoria Proprietary Limited	Turnkey development	**76**
Solar	10 240	3 322	African Electrical Technologies	Turnkey development	**68**
Mnandi Left-In	4 981	819	Safari Developments Pretoria Proprietary Limited	Turnkey development	**84**
	1 054 059	365 744			

** The maximum exposure to losses disclosure was calculated based on the remaining portion of the total contract value.*

The risks associated with these projects are mitigated by the following:

- The property is transferred into the name of Safari Investments RSA Limited prior to the commencement of the project;
- Construction progress payments are made as per the registered quantity surveyor's progress report; and
- All costs incurred relating to the project are incurred to improve the property and consequently Safari's value.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

25. DIRECTORS' EMOLUMENTS

	Directors' fees R'000	Committees fees R'000	Consulting fees R'000	Total R'000
Executive				
2017				
JZ Engelbrecht	**720**	**–**	**72**	**792**
FJJ Marais	**100**	**110**	**600**	**810**
K Pashiou	**68**	**66**	**116**	**250**
	888	**176**	**788**	**1 852**
2016				
JZ Engelbrecht	1 152	120	–	1 272
FJJ Marais	100	230	11	341
K Pashiou	74	66	17	157
	1 326	416	28	1 770

	Directors' fees R'000	Committees fees R'000	Total R'000
Non-executive			
2017			
FN Khanyile	**68**	**30**	**98**
SJ Kruger	**50**	**–**	**50**
M Minnaar	**68**	**90**	**158**
JP Snyman	**100**	**120**	**220**
JC Verwayen	**32**	**6**	**38**
AE Wentzel	**–**	**300**	**300**
	318	**546**	**864**

	Directors' fees R'000	Committees fees R'000	Consulting fees R'000	Total R'000
2016				
FN Khanyile	47	30	–	77
SJ Kruger	46	–	47	93
M Minnaar	74	112	–	186
P Pienaar	27	–	3	30
JP Snyman	74	102	–	176
MH Tsolo	100	40	–	140
JC Verwayen	48	18	–	66
AE Wentzel	–	300	–	300
	416	602	50	1 068

There are no benefits, such as travel allowances, medical or pension benefits or share options.

26. RISK MANAGEMENT

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital by maintaining a good balance between debt and equity finance.

The capital structure of the group consists of debt, which includes the borrowings disclosed in notes 11 and 12, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position amounting to R2 608 873 006 (2016: R2 186 396 275).

REIT distribution of a minimum of 75% of taxable income will be distributed every year as per the REIT requirements and legislation.

The company's strategy is to maintain a gearing ratio of below 40%, except in high growth periods.

The gearing ratio at 2017 and 2016 respectively was as follows:

	2017 R'000	2016 R'000
Total borrowings		
Interest bearing borrowings	**904 009**	633 763
Less/(add): Cash and cash equivalents	**(41 323)**	3 398
Net debt	**945 332**	630 365
Total equity	**1 663 541**	1 556 032
Total capital	**2 608 873**	2 186 397
Gearing	**57**	41

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The group is not exposed to foreign exchange risk. The only cross border transactions which occur within the group are with the group's subsidiary located in Namibia.

The exchange rate is: 1 South African Rand = 1 Namibian Dollar.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

26. RISK MANAGEMENT continued

Liquidity risk continued

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than one year R'000	Between one and two years R'000	Between two and five years R'000
As at 31 March 2017			
Trade and other payables	10 266	–	–
Interest bearing borrowings	5 576	–	898 433
As at 31 March 2016			
Trade and other payables	8 164	–	–
Interest bearing borrowings	6 530	627 233	–

Interest rate risk

The group's interest rate risk arises from long-term bank borrowings at variable interest rates (therefore cashflow risk). Borrowings issued at fixed rates expose the group to fair value interest rate risk and borrowings issued at variable rates expose the group to cashflow rate risk.

At 31 March 2017, if interest rates on Rand-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit for the year would have been R7 827 623 (2016: R4 583 485) lower, mainly as a result of higher interest expense on floating rate borrowings.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counterparty.

The credit quality of tenants is assessed by taking into account their financial position, past experience and performing a credit verification before a property is let. The group only lets property to tenants who are considered to be creditworthy. In addition, the trade receivables age analysis is reviewed on a weekly basis with the intention of minimising the group's exposure to bad debts. Deposits or bank guarantees are also held in most instances to further minimise the group's exposure to bad debts.

Trade receivables that are neither past due nor impaired are considered to be of high credit quality accompanied by an insignificant default rate.

26. RISK MANAGEMENT continued

Credit risk continued

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017 R'000	2016 R'000
Financial instrument		
Trade and other receivables	**1 828**	1 141
Cash and cash equivalents	**2 931**	3 398

27. SUBSEQUENT EVENTS

The Board accepted the resignation of Mr JZ Engelbrecht from the Board as Financial Director with effect from 31 March 2017. Mr WL Venter was appointed by the board as Financial Director. Mr Venter is a qualified chartered accountant and was the property portfolio manager for Safari over the last six years. The Board welcomed Mr Venter to the team and looks forward to benefiting from his expertise and contributions in the years to come.

The Board approved the capital raising through a private placement share issue of 99 552 633 new shares issued for cash subject to shareholder approval. The special shareholders meeting will be held during July 2017 and a circular and SENS announcement with the relevant detail will be distributed to shareholders in due course. The salient features of this transaction include:

- Shares will be issued at a price of R7,60 per share with total capital raised amounting to R756 600 011; and
- Investors participating in this private placement include current shareholders Stanlib, Grindrod (Bridge Fund Managers), Safarihold, WDBH Investments and a new investor, Southern Palace Capital.

A cash distribution of 34 cents per Safari share was approved based on a scrip dividend process where shareholders will have the option to reinvest their cash dividend for new Safari shares at an issue price of R7,60 per share.

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

28. NET ASSET VALUE PER SHARE

	2017 R'000	2016 R'000
Total assets	**2 650 701**	2 219 369
Total liabilities	**(987 160)**	(663 337)
	1 663 541	1 556 032
Ordinary shares in issue (note 10)	**191 257**	182 182
Net asset value per share (cents)	**870**	854
Tangible net asset value (cents)	**870**	854

NOTES TO THE CONSOLIDATED **ANNUAL FINANCIAL STATEMENTS** continued

for the year ended 31 March 2017

29. SEGMENT REPORT

The group classifies the following main segments, which is consistent with the way the group reports internally:

- Atteridgeville; Mamelodi; Sebokeng; Heidelberg and Namibia.

Segment results, net assets, include 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	Namibia R'000	Reconcil-liation R'000	Total R'000
31 March 2017							
Turnover (external)	58 404	61 364	47 874	17 048	15 918	4 365	204 973
Reportable segment profit before investment revenue, fair value adjustments and finance costs	45 412	50 979	33 102	11 437	10 228	–	151 158
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(6 597)	(6 597)
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	144 561
Segment assets and liabilities							
Segment assets	674 639	694 485	490 212	154 688	560 745	–	2 574 769
Unallocated assets	–	–	–	–	–	75 932	75 932
Total assets	674 639	694 485	490 212	154 688	560 745	75 932	2 650 701
Segment liabilities	3 873	3 366	3 684	671	26 994	–	38 588
Unallocated liabilities	–	–	–	–	–	44 563	44 563
Interest bearing borrowings	–	–	–	–	–	904 009	904 009
Total liabilities	3 873	3 366	3 684	671	26 994	948 572	987 160
Other segment items							
Interest revenue (external)	21	30	21	3	–	–	75
Unallocated interest revenue	–	–	–	–	–	107	107
Investment revenue	21	30	21	3	–	107	182
Fair value adjustments	63 886	86 681	66 148	3 345	(137 805)	(5 887)	76 368
Interest expense	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	–	59 012	59 012
Finance costs	–	–	–	–	–	59 012	59 012

29. SEGMENT REPORT continued

	Atteridge-ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Namibia R'000	Reconcil-liation R'000	Total R'000
31 March 2016							
Turnover (external)	51 732	57 283	45 448	15 843	86	–	170 392
Reportable segment profit before investment revenue, fair value adjustments and finance costs	40 247	47 194	31 768	10 775	(869)	–	129 115
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(4 986)	(4 986)
Profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	124 129
Segment assets and liabilities							
Segment assets	596 672	582 030	383 047	143 598	440 858	–	2 146 205
Unallocated assets	–	–	–	–	–	73 164	73 164
Total assets	596 672	582 030	383 047	143 598	440 858	73 164	2 219 369
Segment liabilities	3 370	3 267	2 785	588	504	–	10 514
Unallocated liabilities	–	–	–	–	–	19 060	19 060
Interest bearing borrowings	–	–	–	–	–	633 763	633 763
Total liabilities	3 370	3 267	2 785	588	504	652 823	663 337
Other segment items							
Interest revenue (external)	4	4	10	1	2	–	21
Unallocated interest revenue	–	–	–	–	–	444	444
Investment revenue	4	4	10	1	2	444	465
Fair value adjustments	(29 505)	43 072	(41 355)	(9 939)	24 753	10 553	(2 421)
Interest expense	–	–	(20)	–	–	–	(20)
Unallocated interest expense	–	–	–	–	–	(36 234)	(36 234)
Finance costs	–	–	(20)	–	–	(36 234)	(36 254)

PROPERTY PORTFOLIO

Name	Location	Property type	Region
Shopping centres			
Atteridgeville	Cnr Khoza and Mankopane Streets, Atteridgeville	Retail	Gauteng
Atteridgeville	Maunde Street, Atteridgeville	Retail	Gauteng
Mamelodi	Cnr Stormvoël and Maphalla Roads, Mamelodi	Retail	Gauteng
Sebokeng	Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng	Retail	Gauteng
Heidelberg	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail	Gauteng
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Street)	Retail	Erongo
Private Day Hospital			
Soweto		Health care	Gauteng
Stands for development			
Sebokeng	Erf 95 & 86 Moshoeshoe Street, Sebokeng		Gauteng
Lynnwood	Cnr Lynnwood Road and Rodericks – Sussex and Rodericks, Lynnwood		Gauteng
Property in process of development			
Atteridgeville	Cnr Lengau, Thlou, Lepogo and Church Streets		Gauteng
Swakopmund	Albatros Street, Swakopmund, Namibia	Apartments	Namibia
Total			

The average annualised property yield for the income generating property portfolio is 7% for the 2017 financial year.

Market value as attributed by independent valuer R'000	Built area m²	Vacancy %	Weighted average rental/m²	Zoning	Freehold/ leasehold	Approximate age of building years
484 400	41 200	–	127,1	Special – various	Freehold	9
103 500	10 550	7	110,6	Special – various	Freehold	1
693 800	43 450	0	160,5	Special – various	Freehold	12
486 864	43 100	0	124,8	Special – various	Freehold	8
154 600	15 400	4	123,9	Special – various	Freehold	17
372 442	29 500	9		Special – various	Freehold	1
33 900	2 817			Special – various	Freehold	0,5
2 036		n/a	n/a	Special – various	Freehold	
39 200		n/a	n/a	Special – various	Freehold	
86 248		n/a	n/a	Special – various	Freehold	
175 003		n/a	n/a			
2 631 993	**186 017**					

SHAREHOLDERS' INFORMATION

CASE STUDY

Serving the communities surrounding our shopping centres better through value-added services.

The objective

The expansion of additional services adjacent to our centres, in order to create multi-amenity hubs for the surrounding communities. Our additional service offerings are expected to include day-hospitals, filling stations, health clubs and more.

The solution

In 2015 we were approached by Advanced Health Limited, a JSE-listed company specialising in the operation of day-hospitals, to invest R28 million in the Soweto Private Day Hospital facility. The Soweto Private Day Hospital, which is leased by Advanced Health Limited until December 2037, is 2 817m^2 and can accommodate 20 beds. Although the Soweto Private Day-Hospital is not in close proximity to our existing centres, there is the opportunity to partner with local municipalities to maximise economic and social returns, by utilising state-owned land close to our centres to create various public facilities (schools, crèches, clinics, small scale Home Affairs offices) and encourage an increase in foot count through our centres.

The roll-out of the following additional service projects is underway: Gym (Virgin Active Red) at Nkomo Village; SASSA grants offices at Denlyn and Mnandi; petrol filling stations at Nkomo Village and Mnandi; day-hospital facilities at Denlyn, Atlyn, Lynnwood and Thabong centres (subject to requisite licence approvals); and upgrade of the public sports fields and facilities adjacent to our Denlyn centre.

The impact

The increased foot count in our centres which have new additional services has given rise to growth in tenants' turnover, resulting in Safari being able to increase rental revenue at these centres. The return on investment from the additional services is in line with Safari's investment strategy.

Capitals

- Social and relationship
- Financial

Stakeholders

- Communities
- Investors

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2017

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
SHAREHOLDER SPREAD				
1 – 1 000	183	21,30	59 673	0,03
1 001 – 10 000	353	41,09	1 254 352	0,66
10 001 – 100 000	144	16,76	4 798 814	2,51
100 001 – 1 000 000	129	15,02	47 612 828	24,89
Over 1 000 000	50	5,82	137 531 979	71,91
Total	**859**	**100,00**	**191 257 646**	**100,00**
DISTRIBUTION OF SHAREHOLDERS				
Assurance companies	1	0,12	1 226 536	0,64
Close corporations	18	2,10	4 173 568	2,18
Collective investment schemes	27	3,14	54 986 079	28,75
Control accounts	1	0,12	8	–
Custodians	1	0,12	15 659	0,01
Foundations and charitable funds	4	0,47	60 169	0,03
Investment partnerships	2	0,23	4 079	–
Organs of state	1	0,12	4 497 629	2,35
Private companies	34	3,96	40 826 996	21,35
Retail shareholders	615	71,59	12 237 606	6,40
Retirement benefit funds	4	0,47	4 837 494	2,53
Stockbrokers and nominees	2	0,23	206	–
Trusts	148	17,23	68 391 616	35,76
Unclaimed scrip	1	0,12	1	–
Total	**859**	**100,00**	**191 257 646**	**100,00**
SHAREHOLDER TYPE				
Non-public shareholders	18	2,10	22 371 241	11,70
Directors and associates	18	2,10	22 371 241	11,70
Public shareholders	841	97,90	168 886 405	88,30
Total	**859**	**100,00**	**191 257 646**	**100,00**

	Number of shares	% of issued capital
FUND MANAGERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES		
Stanlib Asset Management	27 906 808	14,59
Bridge Fund Managers	30 085 882	15,73
Total	**57 992 690**	**30,32**

BENEFICIAL SHAREHOLDERS WITH A HOLDING GREATER THAN 3% OF THE ISSUED SHARES		
Stanlib	22 980 239	12,02
Bridge Fund Managers	14 690 000	7,68
Nedbank Group	9 931 301	5,19
Safarihold Proprietary Limited	8 098 001	4,23
WDB Investment Holdings	7 653 602	4,00
Plentytrade Proprietary Limited	7 229 867	3,78
Total	**70 583 010**	**36,90**

Total number of shareholdings	**859**
Total number of shares in issue	**191 257 646**

NOTICE OF **ANNUAL GENERAL MEETING**

Safari Investments RSA Limited
(Registration number 2000/015002/06)
(Share code: SAR | ISIN: ZAE000188280)
("the company" or "Safari")

Notice is hereby given that the annual general meeting of shareholders of Safari ("AGM") will be held at 14:00 on Wednesday, 2 August 2017, at Menlyn Boutique Hotel, 209 Tugela Road, Ashlea Gardens, Pretoria, for the purpose of:

- dealing with such business as may lawfully be dealt with at the AGM; and
- considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out hereunder.

Kindly note that, in terms of section 63(1) of the Companies Act 71 of 2008, as amended ("the Companies Act"), meeting participants (including proxies) will be required to provide reasonably satisfactory identification before being entitled to participate in or vote at the AGM. Forms of identification that will be accepted include original and valid identity documents, driver's licences and passports.

Kindly note further that in terms of section 62(3)(e) of the Companies Act:

- A shareholder who is entitled to attend and vote at the AGM is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder; and
- A proxy need not be a shareholder of the company.

Shareholders are advised that the company's Integrated annual report for the year ended 31 March 2017 was dispatched to shareholders on Wednesday, 28 June 2017.

RECORD DATES, PROXIES AND VOTING

In terms of section 59(1)(a) and (b) of the Companies Act, the Board of the company has set the following record dates for the purpose of determining which shareholders are entitled to:

- receive notice of the AGM (being the date on which a shareholder must be registered in the company's securities register in order to receive notice of the AGM) as Friday, 23 June 2017; and
- participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register in order to participate in and vote at the AGM) as Friday, 28 July 2017, with the last day to trade being Tuesday, 25 July 2017.

PRESENTATION OF AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the company and the group, including the reports of the directors, group Audit and Risk Committee and the independent external auditors, for the year ended 31 March 2017, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act.

The complete set of the audited annual financial statements, together with the abovementioned reports, are set out on pages 60 to 111 of the company's 2017 Integrated annual report. The company's 2017 Integrated annual report, together with the complete set of the audited consolidated annual financial statements, is available on the company's website at

www.safari-investments.com; alternatively, it may be requested and obtained in person, at no charge, from the registered office of the company during office hours.

The Audit and Risk Committee report is set out on page 66 of the company's 2017 integrated annual report.

PRESENTATION OF GROUP SOCIAL AND ETHICS COMMITTEE REPORT

The report by the Social and Ethics Committee for the year ended 31 March 2017, is included in the 2017 integrated annual report on page 54 and is presented to the shareholders in terms of regulation 43 of the Companies Regulations 2011.

ORDINARY BUSINESS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of the company:

Note: For any of the ordinary resolutions numbered 1 to 11 (inclusive) to be adopted, more than 50% (fifty percent) of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 12 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

1. Retirement and re-election of directors

Ordinary Resolution Number 1:

"Resolved that Ms FN Khanyile, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers herself for re-election, be and is hereby re-elected as director."

2. Ordinary Resolution Number 2:

"Resolved that Dr JP Snyman, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

The reason for ordinary resolutions numbers 1 to 2 (inclusive) is that the Memorandum of Incorporation of the company, the Listings Requirements of the JSE Limited ("JSE") and, to the extent applicable, the South African Companies Act 71 of 2008, as amended ("the Companies Act"), require that a component of the non-executive directors rotate at every annual general meeting of the company and, being eligible, may offer themselves for re-election as directors. Brief résumés of these directors appear on page 37 of the 2017 integrated annual report.

2. Confirmation of appointment of director

Ordinary Resolution Number 3:

"Resolved that Mr WL Venter's appointment as director, in terms of the Memorandum of Incorporation of the company, be and is hereby confirmed."

Summary *curriculum vitae* of Mr WL Venter

Willem was the Managing Director of Cosmos Management, responsible for the management of Safari's portfolio. He completed a BCom Accounting degree and CTA at the University of Pretoria in 2006. He completed his SAICA articles at Deloitte in Pretoria and obtained a CA (SA) qualification in 2009. He joined Cosmos Management in 2010.

3. Re-appointment of independent external auditor

Ordinary Resolution Number 4:

"Resolved that Deloitte & Touche be and is hereby re-appointed as the auditor of the company for the ensuing year, on the recommendation of the company's Audit and Risk Committee."

Shareholders are hereby advised that the Board of Safari or its Audit and Risk Committee will

NOTICE OF **ANNUAL GENERAL MEETING** continued

undertake a full review of the cost, performance and scope of the audit function performed by the independent auditors of the company. In order to ensure good corporate governance, the Board may independently engage with a number of other service providers to assess the best value proposition that meets Safari's requirements in terms of good corporate governance, sustainability and the empowerment codes.

The reason for ordinary resolution number 4 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the company as required by the Companies Act.

4. Re-appointment of Audit and Risk Committee members

Ordinary Resolution Number 5:

To elect, by separate resolutions, an Audit and Risk Committee comprising independent non-executive directors, as provided in section 94(4) of the Companies Act, and appointed in terms of section 94(2) of that act to hold office until the next annual general meeting to perform the duties and responsibilities stipulated in section 94(7) of the Companies Act and the King III Report on Governance for South Africa 2009, and to perform such other duties and responsibilities as may from time to time be delegated by the Board of Directors for the company, all subsidiary companies and controlled trusts.

The Board of Directors has assessed the performance of the Audit and Risk Committee members standing for re-election and has found them suitable for appointment. Brief résumés of these directors appear on page 37 of the 2017 Integrated annual report.

Ordinary Resolution Number 6:

"Resolved that Dr JP Snyman, the Chairman of the Board of Safari, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

Shareholders are advised that Dr Snyman is the Chairman of the Board of Safari and are thus required to specifically take note and approve that he be a member of the Audit and Risk Committee.

Ordinary Resolution Number 7:

"Resolved that Ms FN Khanyile, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

Ordinary Resolution Number 8:

"Resolved that Dr M Minnaar, being eligible, be and is hereby re-appointed as a member of the Audit and Risk Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

Ordinary Resolution Number 9:

"Resolved that Mr AE Wentzel, being eligible, be and is hereby re-appointed as a member and Chairman of the Audit and Risk Committee of the company, as recommended by the Board of Directors of the company, until the next AGM of the company."

The reason for ordinary resolutions numbers 6 to 9 (inclusive) is that the company, being a public listed company, must appoint an Audit and Risk Committee and the Companies Act requires that the members of such Audit and Risk Committee be appointed, or re-appointed, as the case may be, at each AGM of the company.

5. Place the unissued ordinary shares under the control of the directors

Ordinary Resolution Number 10:

"It is resolved that, in accordance with the Memorandum of Incorporation, the authorised but unissued ordinary shares in the share capital

of the company be and are hereby placed under the control and authority of the directors and that the directors be and are hereby generally authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the Listing Requirements of the JSE ("Listings Requirements"), where applicable."

Shareholders are urged to note the unissued ordinary stated capital of the company represents approximately 90% of the entire authorised stated capital of the company as at the date of the notice of this AGM.

The reason for the ordinary resolution number 10 is that in terms of the company's Memorandum of Incorporation, the shareholders must authorise that the unissued ordinary shares are placed under the control of the directors.

6. Non-binding advisory vote on the company's remuneration policy

Ordinary resolution Number 11:

"Resolved that the shareholders endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in Annexure A to this notice of AGM."

The reason for ordinary resolution number 11 is that King III recommends that the remuneration policy of the company be endorsed through a non-binding advisory vote by shareholders

7. General authority to issue authorised but unissued ordinary shares for cash

Ordinary Resolution Number 12:

"Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue all or any of the authorised but unissued equity securities in the capital of the company for cash as and when the directors in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation and the Listings Requirements, where applicable, on the basis that:

- this authority shall be valid until the company's next AGM or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined in the Listings Requirements and not to related parties;
- the equity securities which are the subject of the issue for cash must be of a class already in issue or must be limited to such securities or rights that are convertible into a class already in issue;
- the maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the directors and the party subscribing for the securities (the JSE will be consulted for a ruling if the company's securities have not traded in such 30-business-day period);
- an announcement, giving full details of such issue, will be published on SENS at the time of any issue representing, on a cumulative basis, 5% or more of the number of ordinary shares in issue prior to that issue in terms of the Listings Requirements; and
- the general issues of shares for cash under this authority may not exceed, in the aggregate, 15% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders or options granted by the trust in accordance with the Listings Requirements shall not diminish the number of ordinary shares that comprise the 15% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 15% of the company's issued ordinary share capital

NOTICE OF **ANNUAL GENERAL MEETING** continued

(net of treasury shares) amounts to 28 688 646 ordinary shares."

For listed entities wishing to issue shares for cash (other than issues by way of rights offers or dividends reinvested for shares, in consideration of acquisitions and/or share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the company), it is necessary for the Board of the company to obtain the prior authority of the shareholders in accordance with the Listings Requirements and the Memorandum of Incorporation of the company. Accordingly, the reason for ordinary resolution number 12 is to obtain a general authority from shareholders to issue shares for cash in compliance with the Listings Requirements and the Memorandum of Incorporation.

In order for ordinary resolution number 12 to be adopted, the support of at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at this AGM is required.

Special business

In order for these special resolutions to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this meeting, is required.

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions of the company:

8. Approval of non-executive (and executive) directors' remuneration

Special Resolution Number 1:

"Resolved that in terms of section 66(9) of the Act, as amended, payment of the remuneration of the directors of Safari for their services as directors is hereby approved as follows:

For the period 1 April 2017 to 31 March 2019:

	R
Basic fee per quarter	
Chairman of the Board	12 000
Chief Executive Officer *(CEO)*	12 000
Director	10 000
Attendance fees	
Board meetings *(Chairman)*	12 000
Board and Exco meetings (CEO)	12 000
Board and Exco meetings (Directors)	10 000
Committee meetings *(Chairman and CEO)*	12 000
Committee Meetings	10 000
Chairman of subcommittee (excluding Audit and Risk Committee)	12 000
Chairman of Audit and Risk Committee	350 000
Ad hoc work	
Per hour	2 000

Thereafter but only until the expiry of a period of 12 (twelve) months from the date of the passing of this special resolution number 1 (or until amended by a special resolution of shareholders prior to the expiry of such period), on the same basis as above, escalated as determined by the Board of Safari, up to a maximum of 5% per annum per amount set out as aforesaid.

The reason and effect of special resolution number 1 is to enable the company to comply with the provisions of sections 65(11)(h), 66(8) and 66(9) of the Companies Act, which stipulate that remuneration to directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders.

The role of non-executive directors is under increasing focus of late, with greater accountability and risk attached to the position.

9. Inter-company financial assistance

9.1 Inter-company financial assistance

Special Resolution Number 2:

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the Board of the company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the Board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 2 is to grant the directors of the company the authority, until the next annual general meeting of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

9.2 Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company

Special Resolution Number 3:

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the Board of the company may deem fit to any company or corporation that is related or inter-related to the company ("related" or "inter-related" will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the Board of the company may determine for the purpose of, or in connection with the subscription of any option, or any shares or other securities, issued or to be issued by the company or a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next annual general meeting of the company."

The reason for and effect of special resolution number 3 is to grant the directors the authority, until the next annual general meeting of the company, to provide financial assistance to any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or any related or inter-related company or corporation. This means that the company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries. A typical example of where the company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the company

NOTICE OF **ANNUAL GENERAL MEETING** continued

to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolution numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's Memorandum of Incorporation have been met.

10. To transact such other business as may be transacted at an annual general meeting

IMPORTANT NOTES REGARDING ATTENDANCE AT THE ANNUAL GENERAL MEETING

General

Shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the company that their shares are in fact registered in their name.

Certificated shareholders and own-name dematerialised shareholder

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration are entitled to attend and vote at the AGM and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person appointed need not be a shareholder of the company.

Proxy forms should be lodged with the transfer secretaries of the company, being Computershare Investor Services at Rosebank Towers, 15 Biermann Avenue, Rosebank 2169, South Africa, or posted to the transfer secretaries at PO Box 61051, Marshalltown 2107, South Africa, to be received by them not later than Friday, 28 July 2017, at Computershare Investor Services provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairman of the AGM prior to the commencement of the AGM, at any time before the appointed proxy exercises any shareholder rights at the AGM.

Dematerialised shareholders other than with own-name registration

Dematerialised shareholders, other than own-name dematerialised shareholders, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in the custody agreement entered into between such shareholders and the CSDP or broker:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting will be by way of a poll and every shareholder of the company present in person or represented by proxy shall have one vote

for every share held in the company by such shareholder.

Electronic participation

Should any shareholder (or representative/proxy) wish to participate in the AGM by way of electronic participation, that shareholder should apply to the transfer secretaries, in writing (which application must include details on how the shareholder/representative/proxy can be contacted), to so participate, at their address below. The application must be received by the transfer secretaries at least seven business days prior to the AGM (thus Monday, 31 July 2017) for the transfer secretaries to arrange for the shareholder (or representative/proxy) to provide reasonably satisfactory identification to the transfer secretaries for the purposes of section 63(1) of the Companies Act and for the transfer secretaries to provide the shareholder (or representative/proxy) with details on how to access the AGM by means of electronic participation. The company reserves the right not to provide for electronic participation at the AGM in the event that it determines that it is not practical to do so, or that an insufficient number of shareholders (or their representatives/proxies) request to so participate.

Participants are advised that they will not be able to vote during the meeting. Such participants, should they wish to have their votes counted at the meeting, must act in accordance with the general instructions regarding the forms of proxy, as contained in this notice.

Shareholders must take note of the following:

- A limited number of telecommunication lines will be available;
- Each participant will be contacted between 9:00 and 11:00 on Wednesday, 2 August 2017 via e-mail and/or SMS. Participants will be provided with a code and the relevant telephone number to allow them to dial in;
- The cost of the shareholder's phone call will be for his/her own expense; and
- The cut-off time for electronic participation in the meeting will be at 13:15 on Wednesday, 2 August 2017 and no late dial-in will be possible.

SUMMARY OF SHAREHOLDER RIGHTS

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, are as follows:

- A shareholder entitled to attend and vote at the AGM may, at any time, appoint any individual (or two or more individuals) as a proxy or proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.
- A proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy, and subject to the rights of a shareholder to revoke such appointment (as set out below). It remains valid only until the end of the meeting.
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any of his/her rights as shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing, or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment

NOTICE OF **ANNUAL GENERAL MEETING** continued

constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of (a) the date stated in the revocation instrument, if any; or (b) the date on which the revocation instrument is delivered to the company as required in the first sentence of this paragraph, whichever is the later.

If the instrument appointing the proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation to be delivered by the company to the shareholder, must be delivered by the company to: (a) the shareholder; or (b) the proxy or proxies, if the shareholder has: (i) directed the company to do so in writing; and (ii) paid any reasonable fee charged by the company for doing so.

Attention is also drawn to the notes on the proxy form.

By order of the Board

DC Engelbrecht
Group Company Secretary

Pretoria
21 June 2017

Registered office:
420 Friesland Lane, Lynnwood, Pretoria 0081

FORM OF **PROXY**

Safari Investments RSA Limited
(Registration number 2000/015002/06)
(Share code: SAR | ISIN: ZAE000188280)
("the company" or "Safari")

Each share comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy in order for their vote/s to be valid.

This form of proxy is for use by the holders of the company's certificated shares ("certificated shareholders") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company, to be held at the Menlyn Boutique Hotel, 209 Tugela Road, Ashlea Gardens, Pretoria on Wednesday, 2 August 2017 at 14:00 or any adjournment, if required. Additional forms of proxy are available at the company's registered office.

This form of proxy is not for the use by holders of the company's dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We _____

(Name in BLOCK LETTERS)

of _____

(Address)

Being the registered holder/s of _____

(number) ordinary shares in Safari Investments RSA Limited

Hereby appoint: _____ of _____ or failing him, _____

the Chairman of the annual general meeting, as my/our proxy(ies) to vote for me/us on my/our behalf at the annual general meeting of the company and at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. Unless this is done, the proxy will vote as he thinks fit.

Resolutions	In favour of	Against	Abstain
Ordinary resolutions *Retirement and re-election and confirmation of appointment of directors* 1. Ms FN Khanyile			
2. Dr JP Snyman			
3. Appointment of Mr WL Venter			

FORM OF **PROXY** continued

Resolutions	In favour of	Against	Abstain
4. Re-appointment of Independent external auditors: Deloitte & Touche			
5. Re-appointment of Audit and Risk Committee members			
6. Dr JP Snyman			
7. Ms FN Khanyile			
8. Dr M Minnaar			
9. Mr AE Wentzel *(Chairman)*			
10. Place the unissued ordinary shares under the control of the directors			
11. Non-binding advisory vote on the company's remuneration policy			
12. General authority to issue authorised but unissued ordinary shares for cash			
Special resolutions			
1 . Approval of non-executive (and executive) directors' remuneration			
2. Approval to provide financial assistance in terms of section 45 of the Companies Act 71 of 2008: Inter-company financial assistance			
3. Approval to provide financial assistance in terms of section 44 of the Companies Act, 71 of 2008: Financial assistance for the subscription and/or purchase of shares in the company or a related or inter-related company			

Signed at on 2017

Signature:

Assisted by (if applicable):

Please read the notes

NOTES TO THE FORM OF **PROXY**

1. Each of the shares comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy for their vote/s to be valid.

2. This form of proxy is to be completed only by those shareholders who hold shares in certificated form or recorded in the sub-register in electronic form in their "own name".

3. Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.

4. Shareholders who are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the shareholders. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the Chairman shall be deemed to be appointed as the proxy.

5. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the Chairman, to vote or abstain from voting as deemed fit and in the case of the Chairman to vote in favour of any resolution.

6. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.

7. Forms of proxy must be lodged at, posted or e-mailed to the transfer secretaries, Computershare Investor Services Proprietary Limited (PO Box 61051, Marshalltown 2107, Fax number: 011 688 5238, E-mail: proxy@computershare.co.za or to the Group Company Secretary (dirk@safari-retail.com) to be received at least 48 hours prior to the annual general meeting.

8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted. In addition to the aforegoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.

9. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.

10. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.

11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or waived by the Chairman of the annual general meeting.

12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.

13. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

14. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act 71 of 2008, as amended.

ANNEXURE A: **REMUNERATION POLICY**

INTRODUCTION AND PHILOSOPHY

The remuneration policy is one of the key components of the HR strategy, both of which fully support the overall business strategy. The main function of the remuneration policy is, therefore, to support the HR strategy by helping to build a competitive, high performance and innovative company with an entrepreneurial culture that attracts, retains, motivates and rewards high-performing employees. In this document 'company/group' refers to Safari Investments RSA Limited ("Safari") and all its subsidiaries.

The remuneration policy deals with neither implementation matters, nor the details of the individual remuneration components. Instead, it establishes the philosophy and general guidelines, as well as sets priorities for the remuneration components of the HR strategy.

The company's remuneration philosophy is to recruit and retain employees who believe in, and live by, our culture and values. We endeavour to encourage entrepreneurship by creating a working environment that motivates high performance so that all employees can contribute positively to the strategy, vision, goals and values of the group.

KEY PRINCIPLES

The principles behind the remuneration policy designed to ensure attraction and retention of high-quality staff are as follows:

- Competitive remuneration packages that are realistic within similar industries and markets within which the company operates;
- Reward high-performing employees for the contribution made in the company;
- Each employee conducts themselves in line with the code of conduct of the company;
- Key performance indicators (KPIs) are based on economic, social and environmental targets;
- Manage the total cost to company for every employee (guaranteed salary);
- Incentive packages to reward both company performance and individual/team/project performance;
- Reference to external sources on comparative remuneration levels within the industry;
- The remuneration policy is reviewed regularly to ensure that Safari keeps pace with the continually changing market;
- Attention to and consideration for all employees' requirements; and
- Ensure that all stakeholders understand the remuneration policy.

GOVERNANCE

Board responsibility

The Board carries ultimate responsibility for remuneration policy. The Remuneration Committee operates in accordance with a Board-approved mandate. The Board may, when required, refer matters for shareholder approval for example, new and amended non-executive Board and committee fees. During the year, the Board accepted the recommendations made by the committee. In terms of the recommendations set out in the King IV report on governance, remuneration policy will be submitted to shareholders for a non-binding vote.

The Remuneration Committee

An independent non-executive director chairs the meeting. Full details of attendance are set out in our integrated annual report.

The committee:

- reviews the remuneration philosophy and policy;

- reviews the recommendations of management on fee proposals for the Chairman and non-executive directors and determines, in conjunction with the Board, the final proposals to be submitted to shareholders for approval;
- determines all the remuneration parameters for the Chief Executive and executive directors; and
- agrees the principles for senior management increases and cash incentives.

The Chief Executive and Financial Director attend meetings by invitation. Other members of executive management can be invited when appropriate. No individual, irrespective of position, is present when their performance is evaluated and their remuneration is discussed.

To determine the remuneration of executive and non-executive directors and certain senior executives, the committee reviews relevant market and peer data and considers performance reviews. To retain flexibility and ensure fairness when directing human capital to those areas of the company requiring focused attention, subjective performance assessments may sometimes be required when evaluating employee contributions.

COMPOSITION

Remuneration structure

The integrated remuneration structure is made up of three components:

- **Total cost to company (TCTC)** incorporating basic pay, car allowance, provident fund, medical aid, leave and various other allowances (where applicable);
- **Short-term incentive bonuses (performance-based)** dependent on company and individual performances for the previous financial year and accounted for on a cash paid basis in the following financial year; and
- L**ong-term incentives (equity based)** involving share schemes and offered to senior executives and future leaders identified by the executive team of the company and bonuses form a material portion of their total remuneration. Consideration is given to rewarding certain senior key staff with long-term sustainable incentives.

Executive directors' contracts

Notice periods for directors range from 60 to 180 days, dependent on strategic considerations. Certain executives who have shares in Safari or subsidiaries have restraint of trade (non-compete) agreements for varying periods, depending on the individual circumstances.

Non-executive remuneration

The remuneration of non-executive directors is based on proposals from the Remuneration Committee, which are submitted to the Board for approval. Non-executive directors sign service contracts with the company upon appointment.

The term of office of non-executive directors is governed by the Memorandum of Incorporation (MOI), which provides that directors who have served for three years will retire by rotation, but may, if eligible, offer themselves for re-election for a further three-year term.

Fee structure

The remuneration of non-executive directors who serve on the Board and its committees is reviewed by the committee annually. Remuneration is compared with that of selected peer companies on an annual basis and recommendations are then submitted to the Board for approval.

ANNEXURE A: **REMUNERATION POLICY** continued

Non-executive remuneration is determined and paid quarterly based on an annual fee.

Any additional time spent on company business is paid at a fixed hourly rate.

Fees are approved annually on this basis at the annual general meeting and apply with effect from 1 April of that financial year.

Expenses

Any travel and accommodation expenses of directors are reimbursed and paid by Safari.

MANDATE AND AUTHORITY

The management of the company as well as the Remuneration Committee shall take into account the remuneration policy, and any other relevant documents such as the remuneration committee's Terms of Reference, when considering matters before it.

The Remuneration Committee has full discretion in determining appropriate remuneration policies and practices for the company, including but not limited to, annual remuneration increases, performance bonuses and share incentives for the company.

The Remuneration Committee shall, as deemed necessary, report significant deviations from the principles set forth in the remuneration policy, to the Board.

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)

REGISTERED ADDRESS AND PLACE OF BUSINESS

420 Friesland Lane, Lynnwood, Pretoria 0081
Tel +27 (0) 12 365 1889
Fax +27 (0) 86 272 1313
E-mail: info@safari-investments.com
Website: www.safari-investments.com

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

Dirk Engelbrecht BComm LLB
420 Friesland Lane, Lynnwood, Pretoria
Postal: 420 Friesland Lane, Lynnwood, Pretoria 0081

CORPORATE ADVISER

Fanus Kruger Consulting Proprietary Limited
(Registration number 2015/324537/07)
67 Brink Street, Rustenburg 0299

DIRECTORS OF SAFARI INVESTMENTS RSA LIMITED

FN Khanyile *(Independent non-executive)*
SJ Kruger *(Non-executive alternate)*
FJJ Marais *(Chief Executive Officer)*
M Minnaar *(Independent non-executive)*
K Pashiou *(Executive)*
JP Snyman *(Independent non-executive Chairman)*
WL Venter *(Executive Financial Director)*
AE Wentzel *(Lead independent non-executive)*

INDEPENDENT VALUER

Mills Fitchet (Tvl) 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

VFV Incorporated
Corporate Place, Block A
39 Selati Street, Pretoria
PO Box 8636, Pretoria 0001

SPONSOR

PSG Capital Proprietary Limited
(Registration number 1951/002280/06)
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

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

www.safari-investments.com/investor-relations/

KEY CONTACTS

If interested in investing with us or for more information on our investment opportunities, contact:

Fanus Kruger (Investor Relations Officer)
Telephone: +27 14 592 2569 | E-mail: fanus@fkc.co.za

Or alternatively

Francois Marais (Chief Executive Officer)
Safari Investments RSA Limited
Telephone: +27 12 365 1889 | E-mail: fm@safari-investments.com