SAFARI INVESTMENTS RSA LTD

2019 CONDENSED CONSOLIDATED UNAUDITED **INTERIM FINANCIAL RESULTS** AND INTERIM DIVIDEND DISTRIBUTION DECLARATION

FOR THE PERIOD ENDED 30 SEPTEMBER

The condensed consolidated interim financial statements are unaudited. The Financial Director, Mr WL Venter, was responsible for the preparation of these unaudited financial statements, executed by the Financial Manager, Mr T Pothraju.

Safari Investments RSA Limited and Subsidiary (Registration number: 2000/015002/06)
Published: 20 November 2019

OUR STRATEGY **AT A GLANCE**

Our vision

To be a leading Real Estate Investment Trust ("REIT") driving sustainable growth and returns above market average through selective property investments, thereby creating value for all stakeholders.

Our mission

Building a property portfolio which offers:

- **To our investors:** Investments that deliver long-term income and capital growth
- **To our communities:** Social and environmental sustainability
- **To our tenants and their clients:** Highly sought-after spaces
- **To our employees:** A secure and sustainable future

Our values

- **Quality:** Unlocking and delivering high-quality assets
- **Innovation:** Finding opportunities in the market through creative thinking
- **Improvement:** Making a difference for the better of our stakeholders
- **Integrity:** Acting honestly and ethically in all we do

To achieve our vision and mission, we leverage our business model and focus on three strategic goals:

Grow a specialised portfolio ...

- To grow, diversify and mature a specialised portfolio of premium commercial property investments

Increase sustainable income ...

- To achieve sustainable income and capital growth through the application of quality management within our property portfolio

Strengthen the Safari brand ...

- To continually improve the quality of the Safari brand through a renewed focused approach to investor relations and brand marketing

INCOME-GENERATING **RETAIL PORTFOLIO**

for the period ended 30 September 2019

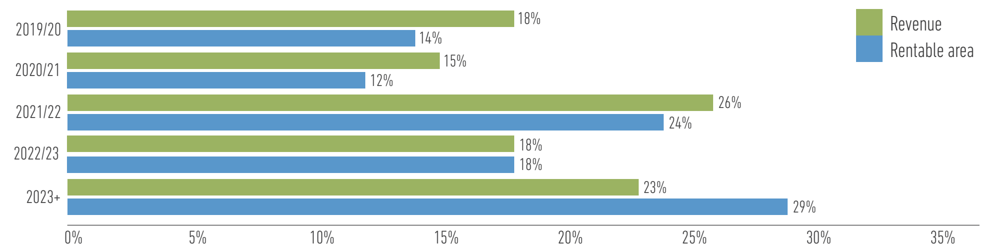
Geographic	Denlyn Mamelodi, Gauteng	Atlyn Atteridgeville, Gauteng	Mnandi Atteridgeville, Gauteng	Thabong Sebokeng, Gauteng	The Victorian Heidelberg, Gauteng
Trading since	2003	2006	2015	2007	1997
Total rentable area	34 513m²	31 243m²	8 717m²	34 530m²	11 781m²
Occupation levels	100%	99%	99%	100%	87%
National tenants	92%	91%	75%	88%	95%
Number of shops	119	95	30	101	35
Annual trading density/m² September 2019	R39 100/m²	R29 800/m²	R25 400/m²	R30 400/m²	R51 500/m²

Geographic	Platz am Meer Swakopmund, Namibia	Nkomo Atteridgeville, Gauteng	Thornhill Polokwane, Limpopo	Soweto Day Hospital Soweto, Gauteng
Trading since	2016	2018	2009	2016
Total rentable area	21 155m²	18 906m²	12 359m²	1 379m²
Occupation levels	90%	96%	98%	100%
National tenants	85%	81%	92%	100%
Number of shops	70	65	37	N/A
Annual trading density/m² September 2019	R22 100/m²	R25 800/m²	R29 200/m²	N/A

Portfolio highlights

Portfolio vacancy rate	3%
Portfolio national % (GLA)	88%
Weighted average trading density for the portfolio	R31 700/m²
Total GLA of property portfolio	174 733m²

Lease expiry profile of the portfolio



CONDENSED CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

as at period ended 30 September 2019

	Note(s)	Unaudited 30 September 2019 R'000	Unaudited 30 September 2018 R'000	Audited 31 March 2019 R'000
Assets				
Non-current assets				
Property, plant and equipment		**918**	–	23
Investment property	1	**3 050 410**	2 790 629	3 009 004
Fair value of investment property		**3 130 569**	2 843 930	3 075 542
Operating lease asset		**(80 159)**	(53 301)	(66 538)
Loans to shareholders		**45 199**	45 582	45 883
Operating lease asset	2	**77 299**	53 099	64 322
Deferred tax		**19 148**	11 128	23 743
		3 192 974	2 900 438	3 142 975
Current assets				
Derivatives		**5**	–	–
Inventories	3	**153 438**	169 649	153 438
Loans to shareholders		**5 465**	5 919	5 465
Trade and other receivables	5	**10 543**	17 719	9 185
Operating lease asset	2	**2 860**	202	2 215
Cash and cash equivalents		**8 552**	6 199	7 233
		180 863	199 688	177 536
Total assets		**3 373 837**	3 100 126	3 320 511
Equity and liabilities				
Equity				
Stated capital	4	**1 826 869**	2 087 636	1 828 902
Retained income		**414 892**	462 195	417 245
		2 241 761	2 549 831	2 246 147
Liabilities				
Non-current liabilities				
Interest-bearing borrowings	6	**514 857**	513 027	783 661
Deferred tax		**17 916**	15 858	16 921
		532 773	528 885	800 582
Current liabilities				
Trade and other payables	5	**28 735**	20 593	23 215
Interest-bearing borrowings	6	**570 568**	817	567
Share-based payment liability		**–**	–	250 000
		599 303	21 410	273 782
Total liabilities		**1 132 076**	550 295	1 074 364
Total equity and liabilities		**3 373 837**	3 100 126	3 320 511

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

for the period ended 30 September 2019

	Note(s)	Unaudited Six months ended 30 September 2019 R'000	Unaudited Six months ended 30 September 2018 R'000	Audited Year ended 31 March 2019 R'000
Revenue		**172 777**	136 392	299 427
Property revenue	7	**159 155**	126 181	275 979
Operating lease	2	**13 622**	10 211	23 448
Other income		**1 639**	604	2 167
Other operating expenses	8	**(51 677)**	(39 081)	(104 323)
Operating profit		**122 739**	97 915	197 271
Investment income		**2 902**	2 932	5 907
Finance costs		**(41 708)**	(9 710)	(37 200)
Fair value adjustments		**–**	–	(32 077)
Gross fair value adjustments	1	**–**	–	(8 629)
Operating lease		**–**	–	(23 448)
Impairment of inventory		**–**	–	(16 210)
Fair value loss on hedging instruments		**(5 986)**	–	(2 005)
Profit before taxation		**77 947**	91 137	115 686
Taxation		**(5 701)**	(3 104)	8 293
Profit for the period		**72 246**	88 033	123 979
Other comprehensive income		**–**	–	–
Total comprehensive income for the period		**72 246**	88 033	123 979
Basic earnings per share (cents)		**28**	35	48
Diluted earnings per share (cents)		**23**	28	40

CONDENSED CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

for the period ended 30 September 2019

	Share capital R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance as at 1 April 2018	2 087 928	49 800	427 053	2 564 781
Profit for the period	–	–	88 033	88 033
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	88 033	88 033
Reallocation of capital reserve	–	(49 800)	49 800	–
Share buy-back	(292)	–	–	(292)
REIT distribution paid	–	–	(102 691)	(102 691)
Total contributions by and distributions to owners of company recognised directly in equity	(292)	(49 800)	(52 891)	(102 983)
Balance as at 30 September 2018 (Unaudited)	2 087 636	–	462 195	2 549 831
Profit for the period	–	–	35 947	35 947
Other comprehensive income	–	–	–	–
Total comprehensive income for the period	–	–	35 947	35 947
Share-based payment	(7 356)	–	–	(7 356)
Share buy-back	(1 378)	–	–	(1 378)
Share-based payment liability	(250 000)	–	–	(250 000)
REIT distribution paid	–	–	(80 896)	(80 896)
Total contributions by and distributions to owners of company recognised directly in equity	(258 734)	–	(80 896)	(339 630)
Balance as at 31 March 2019 (Audited)	**1 828 902**	**–**	**417 246**	**2 246 147**
Profit for the period	**–**	**–**	**72 246**	**72 246**
Other comprehensive income	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**72 246**	**72 246**
Share-based payment	**(2 033)**	**–**	**–**	**(2 033)**
REIT distribution paid	**–**	**–**	**(74 598)**	**(74 598)**
Total contributions by and distributions to owners of company recognised directly in equity	**(2 033)**	**–**	**(74 598)**	**(76 631)**
Balance as at 30 September 2019 (Unaudited)	**1 826 869**	**–**	**414 892**	**2 241 761**

CONDENSED CONSOLIDATED STATEMENT OF **CASH FLOWS**

for the period ended 30 September 2019

	Unaudited Six months ended 30 September 2019 R'000	Unaudited Six months ended 30 September 2018 R'000	Audited Year ended 31 March 2019 R'000
Net cash used in operating activities			
Cash generated from operations	**113 369**	85 254	182 531
Investment income	**2 902**	2 932	5 907
Finance costs	**(41 708)**	(9 710)	(37 200)
REIT distribution paid	**(74 598)**	(102 691)	(183 587)
Tax (paid)/received	**(111)**	–	(156)
Net cash used in operating activities	**(146)**	(24 215)	(32 505)
Cash used in investing activities			
Purchase of property, plant and equipment	**(984)**	–	(24)
Purchase of investment property	**(41 405)**	(152 091)	(402 543)
Net cash used in investing activities	**(42 389)**	(152 091)	(402 567)
Cash flows from financing activities			
Proceeds on share issue	**–**	–	–
Reduction of share capital or share-based payment	**(2 033)**	(292)	(9 026)
Proceeds from interest-bearing borrowings	**447 538**	296 136	1 057 491
Repayment of interest-bearing borrowings	**(152 334)**	(118 100)	(611 076)
Proceeds from bank overdraft	**–**	–	–
Share-based payment	**(250 000)**	–	–
Repayment/(advance) on shareholders' loan	**684**	1 813	1 968
Net cash from financing activities	**43 855**	179 557	439 357
Total cash movement for the period	**1 320**	3 251	4 285
Cash at the beginning of the period	**7 233**	2 948	2 948
Total cash and cash equivalents at the end of the period	**8 553**	6 199	7 233

EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF **FINANCIAL POSITION** AND CONDENSED CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

1. It is the group's policy to have the investment property portfolio valued on an annual basis by an independent valuator. The previous valuation was done on 31 March 2019 and the next valuation will be done on 31 March 2020. These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13 *Fair Value Measurement*. There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned above. If the valuator were to increase both the capitalisation and discount rates by 0,50% the total valuation would decrease by R152 500 000. If the valuer were to decrease both the capitalisation and discount rates by 0,50% the total valuation would increase by R170 800 000. The capital expenditure on tenant mix improvements such as the reconfiguration of Edgars at Atlyn, the opening of Woolworths at Denlyn, the continuation of the Nkomo project with regards to the filling station currently under construction and the installation of solar panels at Thornhill Shopping Centre in Polokwane, which is still in process, resulted in a 1,8% increase in the value of investment property since 31 March 2019. The construction costs are financed by the Absa facilities (interest-bearing borrowings) currently in place.

2. The average lease terms are for three to ten years and the average weighted escalation in gross rental/m^2 was 4,34% for the six months ending 30 September 2019 compared to the same six months in the previous financial year.

3. As part of the Platz am Meer mixed-used development, Safari Investments Namibia Proprietary Limited developed 36 luxury seafront apartments and offices together with a shopping centre. The entire development will be incorporated into a sectional title scheme with 39 units consisting of 36 apartments, one office unit and two commercial units, which is trading as the Platz am Meer Shopping Centre. In this regard, 36 close corporations and one additional private company were incorporated in which these units will vest. A proportionate allocation of the development cost of the land was transferred to these close corporations and private company and the intention will be to allocate the development cost of the properties to the close corporations and private company on completion of the development when the sectional title scheme registration occurs. The person/s acquiring the apartments or office units will then acquire the membership or shares in the close corporation or private company respectively. Currently, Safari Investments Namibia Proprietary Limited holds 100% of the shares in the private company known as Platz am Meer Property One Proprietary Limited and through its nominee, Mr DC Engelbrecht, the Chief Executive Officer, the membership in all 36 close corporations.

4. In the 2020 financial year, Safari will distribute a minimum of 75% of its taxable earnings to the shareholders as per the REIT requirements, and the shareholders will be liable for the tax on the profit distributed.

5. Trade and other receivables fluctuated between the comparative periods, mainly due to the value added tax ("VAT") receivable from the Namibian Inland Revenue Department for the financial period under review. The balance mainly consists of debtors and VAT receivable from the Inland Revenue. Trade and other payables consists of deposits (tenants) held at current retail centres, income received in advance and accrued expenses.

6. The bulk of current and non-current liabilities relate to the facilities currently being utilised to finance acquisitions and improvements at existing properties. The interest-bearing borrowings of R570 568 000 disclosed under current liabilities relate to Absa facilities which will mature during August 2020. We are, however, negotiating the renewal and/or replacement of the facilities and this process should be finalised before our financial year-end on 31 March 2020.

7. The September 2019 interim property revenue increased by 26% compared to the September 2018 interim figure. The increase is a result of annual rental escalations, low vacancy rates and an improved tenant mix together with new income-generating properties becoming part of the portfolio during October 2018 (Thornhill Shopping Centre) and November 2018 (Nkomo Village Shopping Centre).

8. The September 2019 interim property expenses as a percentage of property revenue was 23% compared to 25% in September 2018 indicating continued effective cost management. The September 2019 interim total expenses as a percentage of total income was 30% compared to the 29% in September 2018. Part of the reason for the increase is corporate action expenses relating to the corporate actions over the past six months.

Atlyn

Denlyn

Mnandi

Thabong

The Victorian

Platz am Meer

Soweto Day Hospital

Nkomo Village

Thornhill

CONDENSED CONSOLIDATED **SEGMENTAL REPORT**

for the period ended 30 September 2019

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Limpopo R'000	Namibia R'000	Recon-ciliation R'000	Total R'000
30 September 2019								
Turnover (external)	56 000	40 928	35 147	8 993	14 476	15 068	2 165	172 777
Reportable segment profit before investment revenue, fair value adjustments and finance costs	48 608	35 779	25 093	6 295	10 944	10 866	–	137 585
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	(14 846)	(14 846)
Profit before investment revenue, fair value adjustments and finance costs	48 608	35 779	25 093	6 295	10 994	10 866	(14 846)	122 739
Segment assets and liabilities								
Segment assets	1 057 021	828 029	560 098	178 351	217 430	445 084	–	3 286 013
Unallocated assets	–	–	–	–	–	–	87 824	87 824
Total assets	1 057 021	828 029	560 098	178 351	217 430	445 084	87 824	3 373 837
Segment liabilities	6 708	3 771	5 102	384	3 882	3 556	–	23 403
Unallocated liabilities	–	–	–	–	–	–	23 248	23 248
Interest-bearing borrowings	–	–	–	–	–	–	1 085 425	1 085 425
Total liabilities	6 708	3 771	5 102	384	3 882	3 556	1 108 673	1 132 076
Other segment items								
Interest revenue (external)	–	–	–	–	–	151	2 751	2 902
Unallocated interest revenue	–	–	–	–	–	–	–	–
Investment revenue	–	–	–	–	–	151	2 751	2 902
Fair value adjustments	–	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	–	–	41 708	41 708
Finance costs	–	–	–	–	–	–	41 708	41 708

SAFARI INVESTMENTS RSA LIMITED
CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS AND INTERIM DIVIDEND DISTRIBUTION DECLARATION
for the period ended 30 September 2019 11

CONDENSED CONSOLIDATED **SEGMENTAL REPORT**

for the period ended 30 September 2018

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Namibia R'000	Reconciliation R'000	Total R'000
30 September 2018							
Turnover (external)	35 628	39 843	33 568	11 017	14 165	2 171	136 392
Reportable segment profit before investment revenue, fair value adjustments and finance costs	29 135	33 871	23 712	8 101	8 763	–	103 582
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	(5 668)	(5 668)
Profit before investment revenue, fair value adjustments and finance costs	29 135	33 871	23 712	8 101	8 763	(5 668)	97 914
Segment assets	966 868	790 256	508 303	167 975	512 700	–	2 946 102
Unallocated assets	–	–	–	–	–	154 024	154 024
Total assets	966 868	790 256	508 303	167 975	512 700	154 024	3 100 126
Segment liabilities	5 905	3 345	4 583	477	3 186	–	17 496
Unallocated liabilities	–	–	–	–	–	18 955	18 955
Interest-bearing borrowings	–	–	–	–	–	513 844	513 844
Total liabilities	5 905	3 345	4 583	477	3 186	532 799	550 295
Other segment items							
Interest revenue (external)	–	–	–	(4)	130	–	126
Unallocated interest revenue	–	–	–	–	–	2 806	2 806
Investment revenue	–	–	–	(4)	130	2 806	2 932
Fair value adjustments	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	–	9 710	9 710
Finance costs	–	–	–	–	–	9 710	9 710

NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 September 2019

1. Earnings per share

	Unaudited Six months ended 30 September 2019	Unaudited Six months ended 30 September 2018	Audited Year ended 31 March 2019
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	**72 246**	88 033	123 979
Ordinary shares in issue at year-end ('000)	**257 826**	251 925	257 826
Weighted average number of ordinary shares ('000)	**257 826**	251 962	258 128
Headline earnings (R'000)	**72 246**	88 033	132 608
Diluted weighted average number of shares ('000)	**310 826**	311 172	311 128
Basic earnings per share (cents)	**28,02**	34,94	48,03
Diluted earnings per share (cents)	**23,24**	28,29	39,85
Basic headline earnings per share (cents)	**28,02**	34,94	51,37
Diluted headline earnings per share (cents)	**23,24**	28,29	42,62
Headline earnings reconciliation			
Basic earnings (profit after tax) (R'000)	**72 246**	88 033	123 979
Gains and losses from the adjustment to the fair value of non-current assets (R'000)	**–**	–	8 629
	72 246	88 033	132 608

2. Related parties

Relationships

Subsidiaries	Safari Investments Namibia Proprietary Limited (100% owned)
Common directorship/trusteeship/membership	Wealthgate Investments 45 Proprietary Limited
	Safari Developments Pretoria Proprietary Limited
	Safari Developments Swakopmund Proprietary Limited
	Safarihold Proprietary Limited
Close corporations controlled by common director	MDM Architects CC

2. Related parties continued

	Unaudited Six months ended 30 September 2019 R'000	Unaudited Six months ended 30 September 2018 R'000	Audited Year ended 31 March 2019 R'000
Related party transactions			
Wealthgate Investments 45 Proprietary Limited	**861**	–	–
Safari Developments Pretoria Proprietary Limited	**30 932**	131 001	192 627
Safari Developments Swakopmund Proprietary Limited	**2 748**	5 356	7 303
Safari Retail Proprietary Limited	**–**	1 880	2 658
Pace Construction Proprietary Limited	**–**	18	18
Fanus Kruger Consulting CC	**–**	5	–
Safarihold Proprietary Limited	**343**	325	1 722
Close corporations controlled by common director			
Cosmos Management CC	**–**	4 339	18 772
MDM Architects CC	**365**	908	952

3. Net asset value ("NAV") per share

	Unaudited Six months ended 30 September 2019	Unaudited Six months ended 30 September 2018	Audited Year ended 31 March 2019
Total assets (R'000)	**3 373 837**	3 100 126	3 320 511
Total liabilities (R'000)	**(1 132 076)**	(550 295)	(1 074 364)
	2 241 761	2 549 831	2 246 147
Ordinary shares in issue for NAV calculation ('000)	**310 826**	311 136	310 826
Net asset value per share (cents)	**721**	820	723
Tangible net asset value (cents)	**721**	820	723

SAFARI INVESTMENTS RSA LIMITED
CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS AND INTERIM DIVIDEND DISTRIBUTION DECLARATION
for the period ended 30 September 2019

NOTES TO THE CONDENSED CONSOLIDATED **UNAUDITED FINANCIAL STATEMENTS**

Basis of preparation

The preparation of the group's interim financial results for the six months ended 30 September 2019 was the responsibility of the Financial Director, Mr WL Venter, executed by the Financial Manager, Mr T Pothraju but have not been audited nor reviewed by the group's auditor, Deloitte & Touche. The condensed consolidated interim financial statements are prepared in accordance with International Financial Reporting Standards, IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act of South Africa, 71 of 2008. The accounting policies applied in the preparation of these interim financial statements are in terms of International Financial Reporting Standards and are consistent with those applied in the previous consolidated annual financial statements.

Financial statements

The group's interim financial results for the six months ended 30 September 2019 were not audited or reviewed by the group's auditor, Deloitte & Touche. The condensed consolidated interim financial statements were approved by the board of directors on 13 November 2019.

New standards and interpretations

The accounting policies of the group have been applied consistently with the policies as presented in the consolidated annual financial statements for the year ended 31 March 2019.

Events during and subsequent to the reporting period

Events during the financial period

On 24 June 2019, a cash distribution of 24 cents per share was declared and paid to shareholders on 15 July 2019.

At the annual general meeting held on 7 August 2019, all resolutions were passed except for ordinary resolution number 10 being the general authority to issue shares for cash. Dr JP Snyman and Ms FN Khanyile were re-elected as non-executives and Ms FN Khanyile, Dr M Minnaar and Mr AE Wentzel were re-appointed as members of the audit and risk committee who retired by rotation in terms of the memorandum of incorporation and, being eligible, offered themselves for re-election. It was further resolved that the directors of the company be authorised, by way of a general authority, to repurchase shares. The shareholders also passed a non-binding advisory vote on the company's remuneration policy as well as the 2019 implementation report on the company's remuneration policy which is available for inspection on the company's website. Furthermore, Deloitte & Touche was re-appointed as the external auditor of Safari.

Safari entered into a non-cancellable lease agreement with Wealthgate Investments 45 Proprietary Limited for the corporate head office of Safari. The lease agreement commenced on 1 May 2019 and is for a duration of five years. This lease agreement will result in minimum lease payments over the next five years totalling R6,3 million. Based on our assessment, this will not materially impact the financial statements. This amount is also management's best estimate of the impact in adopting IFRS 16 in the current financial year.

On 28 May 2019, the board accepted the resignation tendered by Mr FJJ Marais. Dr JP Snyman, a current independent non-executive director and former chairman of Safari, was re-appointed as chairman of the company with immediate effect.

Shareholders are referred to note 14 of the 31 March 2019 annual financial statements with regard to the Southern Palace transaction and are advised that the board entered into further agreements during the current period whereby:

- A portion of the senior facility amounting to R252 032 465 was settled by Safari which resulted in a further claim by Safari against Southern Palace; and
- The reversionary pledge and cession in security agreement given by Southern Palace was amended in favour of Safari to include the additional amounts owing to Safari and, in addition, entered into a guarantee and pledge and cession in security agreement by Southern Palace Holdco in favour of Safari in order to secure Safari's position with regard to, among other things, the aforementioned claim.

Shareholders are referred to SENS announcements published on 1 July 2019 and 14 August 2019 relating to the proposed friendly Fairvest merger which was officially terminated on 14 August 2019.

Shareholders are also referred to SENS announcements published on 22 July 2019, 26 August 2019, 12 September 2019 and 27 September 2019 relating to the receipt of an unsolicited firm intention proposal from Community Property Company Proprietary Limited ("Comprop") and subsequent updates.

Events subsequent to the financial period

On 13 October 2019, Ms LL Letlape tendered her resignation from the board. The board would like to thank Ms Letlape for her valuable contribution to the company and wishes her well in her future endeavours.

Shareholders are referred to the SENS announcement published on 15 October 2019 stating that the Safari board will not propose a scheme to its shareholders based on terms contained in the proposal received from Comprop.

At the board meeting held on 13 November 2019, the board of directors of Safari approved a gross cash interim distribution of 24 cents per ordinary share to be paid during December 2019, subject to adherence to the solvency and liquidity requirements as stated in the Companies Act, 71 of 2008.

SAFARI INVESTMENTS RSA LIMITED
CONDENSED CONSOLIDATED UNAUDITED INTERIM FINANCIAL RESULTS AND INTERIM DIVIDEND DISTRIBUTION DECLARATION
for the period ended 30 September 2019

BOARD **COMMENTARY**

Profile

Safari Investments RSA Limited ("Safari"), with a total asset base of R3.4 billion, is a retail-focused Real Estate Investment Trust ("REIT") listed on the Johannesburg Stock Exchange Limited ("JSE") main board under the property section.

Safari aims to invest in quality income-generating property and revenue is generated through sustainable rental income. There were no significant changes to the nature of the business during the financial period under review.

Property portfolio

The property portfolio includes eight established income-generating retail centres, of which three are serving as regionals in their areas. These include Denlyn in Mamelodi, Pretoria (GLA 34 513m^2); Atlyn (GLA 31 243m^2), Mnandi (GLA 8 717m^2) and Nkomo Village (GLA 18 906m^2) in Atteridgeville, Pretoria; Thabong (GLA 34 530m^2) in Sebokeng, Johannesburg; The Victorian (GLA 11 781m^2) in Heidelberg; Thornhill (GLA 12 359m^2) in Polokwane and Platz am Meer (GLA 21 155m^2) in Swakopmund, Namibia. Safari also owns a private day-hospital (GLA 1 379m^2) in Soweto with Advanced Health Limited as its tenant. Safari invests in solar panels at several of its retail centres including Denlyn, Atlyn, Mnandi, Thornhill and Platz am Meer. During 2016, Safari also acquired six properties situated in Lynnwood, Pretoria, with an aggregate land size of 1,3 hectares. There are residential units on some of these properties for which occupation rent is charged. Safari owns four vacant stands adjacent to Thabong Shopping Centre in Sebokeng for further enhancement and expansion possibilities of the Thabong Shopping Centre.

Bulk reserve (retail and other):

Thabong:	± 10 000m^2
Platz am Meer:	± 10 000m^2
Nkomo Village:	± 20 000m^2
Lynnwood:	± 13 000m^2

Letting activity

Safari's vacancy factor in its portfolio as at 30 September 2019 was 3% (2018: 2%) of the total income-generating space. The weighted average gross rental escalation for the property portfolio for the six months ending 30 September 2019 was 4,34% compared to the same period in the previous financial year. The South African property portfolio achieved a 5,79% escalation in gross rental for the six month period ending 30 September 2019 compared to the same period last year. Note that the Nkomo Village and Thornhill shopping centres are not included in the calculation of gross rental escalation for the six month period as these centres only became part of the portfolio after September 2018.

Current projects

Nkomo Village Shopping Centre, Atteridgeville

The construction of the Engen filling station at Nkomo Village Shopping Centre is on schedule and will commence trading in November 2019.

Atlyn Shopping Centre, Atteridgeville

Edgars Atlyn was given notice to vacate and the space is in the process of being reconfigured into four value fashion tenants including Power Fashion, Studio88, Jam Clothing and Outlook. The trading date on all four brands is scheduled for 1 December 2019.

Denlyn Shopping Centre, Mamelodi

Jet at Denlyn was downsized to incorporate Woolworths, which opened for trade on 1 July 2019. Woolworths has indicated that they are pleased with the performance of the store to date. Management is investigating the viability of replacing and reconfiguring Edgars at Denlyn with other tenant categories to further improve the product offering of the centre and reduce Safari's exposure to Edcon even further.

Thornhill Shopping Centre, Polokwane

The solar installation at Thornhill will be completed by December 2019. The system size is 652 kilowatt peak. This will result in a significant cost saving in terms of electricity.

Financial performance

Headline earnings decreased from R88 million to R72 million compared with the same period for the previous year.

Property revenue increased by 26% and distributable income decreased by 8% compared to the same period for the previous year.

Net operating income ("NOI") increased by 5,2% for the six months ending 30 September 2019 compared to the same six months in the previous financial year. Note that the Nkomo Village and Thornhill shopping centres are not included in the calculation of the NOI increase for the six month period as these centres only became part of the portfolio after September 2018.

Funding

Safari currently has secured loan facilities totalling R1,4 billion of which R100 million is ring-fenced in terms of the Absa guarantee provided on the Southern Palace transaction. As at 30 September 2019, the debt represents 33% of the total value of assets ("LTV") and the weighted cost of finance, including hedged amounts, is at 9,01%. As at 30 September 2019, ±64% of Safari's debt is hedged by way of interest rate swaps.

Credit rating

During September 2019, Safari received its fifth credit rating from Global Credit Rating Co. ("GCR"), GCR has affirmed the long-term national scale issuer ratings assigned to Safari Investments RSA Limited to BBB(ZA), however, the short-term national scale rating was downgraded to A3(ZA) on criteria review. The ratings are on stable outlook.

BOARD **COMMENTARY** continued

Distribution statement

	Unaudited Six months ended 30 September 2019 R'000	Unaudited Six months ended 30 September 2018 R'000	Audited Year ended 31 March 2019 R'000
Revenue (including recoveries)	**174 416**	136 996	301 594
Less: Lease smoothing effect	**(13 622)**	(10 211)	(23 448)
Less: Expenses	**(51 677)**	(39 081)	(104 323)
Less: Net interest	**(38 806)**	(6 778)	(31 293)
Interest income	**2 902**	2 932	5 907
Interest expense	**(41 708)**	(9 710)	(37 200)
Plus: Transaction costs expensed	**3 958**	–	13 246
Distributable earnings	**74 269**	80 926	155 776
Actual number of shares sharing in dividend	**310 826 016**	311 136 016	310 826 016
Weighted number of shares in issue	**310 826 016**	311 172 335	311 128 090
Distributable income per share (cents)	**24**	26	50

We refer shareholders to the distribution guidance SENS announcement of 18 June 2019. At this stage, the guidance for FY2020 distribution remains unchanged. Note that the transaction cost of R3 958 000 added back to get to the distributable income number as disclosed above relates to corporate action expenses over the past few months with relation to the proposed Fairvest merger and the subsequent Comprop unsolicited cash offer received. We also advise shareholders that there will be further corporate action expenses of this nature during the second half of the 2020 financial year as the Comprop unsolicited cash offer process had not been finalised by 30 September 2019. We refer shareholders to the SENS announcements published over the past six months in this regard.

INTERIM DIVIDEND **DISTRIBUTION DECLARATION**

Shareholders are advised that, after careful consideration and adherence to the solvency and liquidity requirements as stated in the Companies Act, 71 of 2008, the board of directors of Safari has approved and declared a gross cash interim dividend distribution of 24 cents per ordinary share for the period ended 30 September 2019 to be paid during December 2019. Shareholders will not be able to elect to reinvest the cash distribution in return for ordinary shares. The distribution is based on revenue as per the disclosed distribution statement.

Salient dates and times

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

Last day to trade cum dividend distribution	Tuesday, 10 December 2019
Shares trade ex-dividend distribution	Wednesday, 11 December 2019
Record date	Friday, 13 December 2019
Payment date	Tuesday, 17 December 2019

Notes

Shares may not be dematerialised or rematerialised between the commencement of trade on Wednesday, 11 December 2019 and the close of trade on Friday, 13 December 2019, both days inclusive.

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. The total distribution for the financial year consists of this interim cash dividend distribution of 24 cents to be paid in December 2019 and a final cash dividend distribution to be declared in June 2020.

Tax implications

In accordance with Safari's status as a Real Estate Investment Trust ("REIT"), shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, 58 of 1962 ("Income Tax Act").

The dividends on the shares will be deemed to be dividends for South African tax purposes in terms of section 25BB of the Income Tax Act.

Tax implications for South African resident shareholders

If resident shareholders have not submitted the above-mentioned documentation to confirm their status as South African residents, they are advised to contact their CSDP, or broker, as the case may be, to arrange for the documents to be submitted prior to the payment of the dividend.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. With effect from 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the non-resident shareholder.

Assuming dividend tax will be withheld at a rate of 20%, the net distribution amount due to non-resident shareholders is 19,20 cents per share. A reduced dividend withholding rate in terms

INTERIM DIVIDEND **DISTRIBUTION DECLARATION** continued

of the applicable DTA may only be relied on if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and
- A written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service.

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the company, as the case may be, to arrange for the above-mentioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted.

Other information

The ordinary issued share capital of Safari is 310 826 016 ordinary shares of no par value as at the declaration date.

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)
Income tax reference number: 9012/264/14/0

Registered address and place of business

410 Lynnwood Road,
Lynnwood, Pretoria 0081
Tel: +27 (0) 12 365 1889
Email: info@safari-investments.com
Website: www.safari-investments.com

Auditor

Deloitte & Touche

Partner: J van der Walt
Riverwalk Office Park, Block B
41 Matroosberg Road, Ashlea Gardens
Pretoria 0081

Commercial banker

Absa Bank Limited

(Registration number: 1986/004794/06)
Absa Towers East
170 Main Street, Johannesburg 2001
PO Box 7735, Johannesburg 2000

Group company secretary

Pieter van Niekerk LLB

410 Lynnwood Road, Lynnwood, Pretoria
Postal: PO Box 36792, Menlopark, Pretoria 0102

Board of directors

JP Snyman (*Non-executive Chairman)*
DC Engelbrecht *(Chief Executive Officer)*
WL Venter *(Executive: Financial Director)*
K Pashiou *(Executive: Operations Director)*
FN Khanyile *(Independent Non-executive Director)*
M Minnaar *(Independent Non-executive Director)*
CR Roberts *(Independent Non-executive Director)*
AE Wentzel *(Lead Independent Non-executive Director)*

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

Webber Wentzel

90 Rivonia Road
Sandton, Johannesburg 2196
PO Box 1144, Johannesburg 2000

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:

TALANA SMITH
Investor relations manager
+27 (0) 12 365 1889
talana@safari-investments.com

Or alternatively

DIRK ENGELBRECHT
Chief executive officer
Safari Investments RSA Limited
+27 (0) 12 365 1889
reception@safari-investments.com