

SAFARI INVESTMENTS RSA LIMITED

Registration number: 2000/015002/06

Approved as a REIT by the JSE Limited

JSE share code: SAR

ISIN: ZAE000188280

Republic of South Africa

("Safari" or the "company" or the "group")

**CONDENSED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021,
DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING**

The condensed consolidated financial results for the year ended 31 March 2021 were prepared under the supervision of the Chief Financial Officer, WL Venter (CA (SA)).

2021 Performance Overview

- Income producing properties: 9
- 2,4% vacancy rate
- R149/m² monthly weighted average gross rental/m² for retail sector
- R203/m² monthly weighted average gross rental/m² for health care sector
- R82/m² monthly weighted average gross rental/m² for living sector
- R159/m² monthly weighted average gross rental/m² for office sector
- 95% retail sector; 1% health care sector; 4% residential sector; <1% office sector
- 87% (rentable area) national tenants
- 175 123m² total rentable area m² of property portfolio
- R3,5 billion property portfolio value

Property portfolio for the year ended 31 March 2021

Name	Location	Property type
Shopping centres		
Atlyn	Cnr Phudufufu and Khoza Streets, Atteridgeville	Retail
Mnandi	Maunde Street, Atteridgeville	Retail
Denlyn	Cnr Stormvoël and Maphalla Roads, Mamelodi	Retail
Thabong	Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng	Retail
The Victorian	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail
Platz am Meer	Swakopmund, Namibia (cnr Albatros and Tavorite Streets)	Retail
Thornhill	Cnr Veldspaat Street and Munnik Avenue, Polokwane	Retail
Nkomo Village	Cnr Lengau, Thlou, Lepogo and Church Streets, Atteridgeville	Retail
Private day hospital		
Soweto	R558, Protea Glen, Soweto	Healthcare
Stands for development		
Sebokeng	Erf 77666 Moshoeshoe Street, Sebokeng	
Lynnwood	Cnr Lynnwood and Roderick Roads – Sussex and Roderick, Lynnwood	
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tavorite Street)	
Atteridgeville – Nkomo Village remaining bulk	49 Tlou Street, Atteridgeville	
Inventory	Location	Property type
27 Luxury apartments	Albatros Street, Swakopmund, Namibia	Apartments

Name	Region	Market value as attributed by independent valuer R'000	Rentable area/m2	Vacancy %
Shopping centres				
Atlyn	Gauteng	627 500	31 239	0
Mnandi	Gauteng	148 400	8 717	<1
Denlyn	Gauteng	889 000	34 470	<1
Thabong	Gauteng	559 433	34 611	0
The Victorian	Gauteng	188 700	11 777	10
Platz am Meer	Erongo, Namibia	239 100	21 228	9
Thornhill	Polokwane	243 300	12 390	<1
Nkomo Village	Gauteng	351 716	19 312	5
Private day hospital				
Soweto	Gauteng	35 000	1 379	0
Total			175 123	
Stands for development		Market value as attributed by independent valuer R'000	m²	Vacancy %
Sebokeng	Gauteng	1 867	2 200	n/a
Lynnwood	Gauteng	32 000	13 133	n/a
Swakopmund	Erongo, Namibia	31 762	8 500	n/a
Atteridgeville - Nkomo Village remaining bulk	Gauteng	5 984	7 053	n/a
Inventory		Market value as attributed by independent valuer R'000		
27 Luxury apartments	Erongo, Namibia	106 000		
Total		3 459 762		

Name	Weighted Average gross rental/m ²	Zoning	Freehold/ leasehold	Approximate age of building years
Shopping centres				
Atlyn	163	Special – various	Freehold	13
Mnandi	111	Special – various	Freehold	5
Denlyn	198	Special – various	Freehold	16
Thabong	161	Special – various	Freehold	12
The Victorian	106	Special – various	Freehold	21
Platz am Meer	89	Special – various	Freehold	5
Thornhill	157	Special – various	Freehold	12
Nkomo Village	124	Special – various	Freehold	2,5
Private day hospital				
Soweto	203	Special – various	Freehold	4,5
Stands for development				
Sebokeng	n/a	Special – various	Freehold	
Lynnwood	n/a	Special – various	Freehold	
Swakopmund	n/a	Special – various	Freehold	
Atteridgeville - Nkomo Village remaining bulk	n/a	Special – various	Freehold	
Inventory				
27 Luxury apartments	n/a	Special – various		

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

The Group is continuously monitoring the impact of COVID-19 and engaged with all stakeholders to mitigate the risks that have become apparent. Refer to the SENS announcements published on 9 April 2020, 10 June 2020 and 30 March 2021 for further details.

Shareholders are referred to the SENS announcement published on 4 May 2020 relating to the Southern Palace transaction.

Mr AM Slabber and Mr ER Swanepoel resigned with effect from 21 June 2020. Mr AE Wentzel then assumed the Chairpersonship of the Board on an interim basis, pending appointment of further Directors to the Board.

On 10 July 2020, a final cash distribution for the previous financial year of 22 cents per share was declared and paid to shareholders on 3 August 2020.

On 17 July 2020, Mr GJ Heron and Dr PA Pienaar were appointed as Independent Non-executive Directors.

On 14 August 2020, Dr M Minnaar and Mr AE Wentzel resigned with the effective date being 14 September 2020.

At the Board meeting held on 4 September 2020, a capital project for the redevelopment of The Victorian Shopping Centre in Heidelberg was approved to the amount of R68,7 million. At the date of this report, the redevelopment is in phase 2 of 3. Phase 3 will only commence once certain conditions precedent are met.

At the Annual General Meeting held on 14 September 2020, all resolutions were passed except for ordinary resolutions numbers 5 and 13 being the re-election of Mr K Pashiou as a Non-executive Director and the general authority to issue shares for cash, respectively, and special resolutions 1, 2 and 4 being the remuneration of Non-executive Directors, the general authority to repurchase shares and financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company. The appointment of Mr GJ Heron and Dr PA Pienaar on 17 July 2020 as Independent Non-executive Directors was confirmed. Mr GJ Heron also assumed Chairpersonship of the Board. Furthermore, Mr MH Muller and Dr MT Matshoba-Ramuedzisi were appointed as Independent Non-executive Directors.

Even though shareholders also passed a non-binding advisory vote on the Company's Remuneration Policy as well as the 2020 Implementation Report on the Company's Remuneration Policy, which are available for inspection on the Company's website, the Company engaged with shareholders who voted against the Remuneration Policy and Implementation Report in order to address shareholder concerns.

On 15 September 2020, Ms FN Khanyile resigned as an Independent Non-executive Director with immediate effect. On 17 September 2020, Mr CR Roberts resigned as an Independent Non-executive Director.

Capital expenditure for the expansion of the solar installations at Atlyn, Nkomo Village, Mnandi and Denlyn shopping centres to the amount of R17 million was approved by the Board in November 2020. As at the date of this report, all of the aforementioned projects have been finalised.

During November 2020, an interim cash distribution of 17 cents per ordinary share was declared and paid to shareholders during December 2020.

Events subsequent to the financial period

On 31 May 2021, Safari published a circular on SENS notifying shareholders of a Special General Meeting to be held on 30 June 2021 proposing approval of Non-executive Directors' remuneration and a Long-term Share Incentive Plan. Further updates in this regard will be published on SENS.

The Group entered into new facility agreements with its current lender, Absa, to refinance facilities A, C and D as per note 13 to the annual financial statements which are classified as "current liabilities" due to the fact that they will mature within 12 months from the reporting date. The new facilities were concluded and implemented on 1 June 2021.

Salient terms of the new facilities:

Facility H: R300 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,05% with the capital due on maturity in June 2023.

Facility I: R250 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,35% with the capital due on maturity in June 2024.

Facility J: R250 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,50% with the capital due on maturity in June 2025.

The Group continues to monitor and react to the impact of COVID-19 and lockdown restrictions imposed by government.

Matters approved by the Board at the Board meeting held on 23 June 2021:

- A final cash distribution of 25 cents per Safari share will be paid to shareholders during July 2021.
- Capital project approved: The development of a filling station at Mnandi shopping centre of approximately R13 million was approved. Estimated completion Q4 2022.

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 2021, of R215 230 760 (2020: R225 389 579).

The Group's revenue, excluding the sale of apartments, decreased by 2% to R337 657 164 compared with the previous year's R345 443 456. The weighted average gross rental per m² of the portfolio remained flat at R149/m² after taking into account the effect of temporary COVID-19 relief granted during the 2021 financial year of approximately R27.5 million. Property expenses as a percentage of property revenue was 27% (2020: 24%).

The Safari Group's gearing (SA-REIT loan-to-value) ratio increased from 33% to 39%.

The fair value of the Group's investment property increased by 6% to R3 353 762 400. Refer to note 4 to the consolidated annual financial statements for detailed disclosure. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's maintained low vacancy rate of 2,4%, the 87% national tenants' occupation level and a healthy lease expiry profile together with some strategic tenant replacements. The Group has recorded a net asset value per share of 834 cents (2020: 769 cents).

Dividends

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. During 2021, Safari declared a total distribution of R121 222 146 being the final distribution of the 2020 financial year of 22 cents per share and the interim distribution of the 2021 financial year of 17 cents per share (2020: R149 196 488).

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 36 to the consolidated annual financial statements. The Directors are not aware of any material changes that may have an adverse impact on the Group, 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 Section 11.26 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.

Auditor

BDO South Africa Incorporated was reappointed at the Annual General Meeting on 14 September 2020 as external auditor for the Group for 2021. For the 2021 financial year, Mr Paul Badrick was the designated audit partner for the Safari Group.

Condensed consolidated statement of financial position as at 31 March 2021

	2021 R'000	2020 R'000
Assets		
Non-current assets		
Property, plant and equipment	920	912
Right-of-use assets	5 955	6 934
Investment property	3 245 810	3 058 199
Fair value of investment property	3 353 762	3 149 392
Straight-line lease adjustment	(107 952)	(91 193)
Loans to shareholders	43 077	44 399
Operating lease asset	104 591	87 637
Deferred tax	20 038	24 234
	3 420 391	3 222 315
Current assets		
Inventories	106 000	122 684
Loans to shareholders	6 262	5 465
Trade and other receivables	13 050	12 593
Operating lease asset	3 361	3 557
Cash and cash equivalents	5 085	6 105

	133 758	150 404
Total assets	3 554 149	3 372 719
Equity and liabilities		
Equity		
Stated capital	1 606 452	1 606 452
Retained income	542 738	375 711
	2 149 190	1 982 163
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	516 065	500 000
Derivatives	35 540	23 875
Lease liabilities	6 332	6 975
Deferred tax	9 361	19 206
	567 298	550 056
Current liabilities		
Trade and other payables	29 756	32 089
Interest-bearing borrowings	804 386	587 240
Derivatives	2 875	252
Lease liabilities	644	502
Share-based payment liability	-	220 417
	837 661	840 500
Total liabilities	1 404 959	1 390 556
Total equity and liabilities	3 554 149	3 372 719

Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021

	2021 R'000	Restated 2020 R'000
Revenue	342 712	366 784
Property revenue	320 898	320 788
Straight-line lease adjustment	16 759	24 656
Revenue from sale of inventory	5 055	21 340
Other income	6 376	5 444
Cost of inventory sold	(5 356)	(20 774)
Impairment of inventory	(11 508)	(11 233)
Operating expenses	(116 993)	(114 831)
Operating profit	215 231	225 390
Investment income	4 426	5 605
Fair value adjustments	153 058	(8 179)
Gross fair value adjustments	169 817	16 477
Straight-line lease adjustment	(16 759)	(24 656)

Finance costs	(97 662)	(90 995)
Fair value loss on hedging instruments	(12 835)	(21 870)
Profit before taxation	262 218	109 951
Taxation	5 361	(2 289)
Profit for the year	267 579	107 662
Other comprehensive income	–	–
Total comprehensive income for the year	267 579	107 662
Basic earnings per share (cents)	104	42
Diluted earnings per share (cents)	104	42

Condensed consolidated statement of changes in equity for the year ended 31 March 2021

	Stated capital R'000	Retained income R'000	Total equity R'000
Balance as at 1 April 2019	1 828 902	417 245	2 246 147
Profit for the year	–	107 662	107 662
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	107 662	107 662
Share-based payment	(2 033)	-	(2 033)
Share-based payment liability	(220 417)	–	(220 417)
REIT distribution paid	–	(149 196)	(149 196)
Total contributions by and distributions to owners of company recognised directly in equity	(222 450)	(149 196)	(371 646)
Balance as at 1 April 2020	1 606 452	375 711	1 982 163
Profit for the year	–	267 579	267 579
Other comprehensive income	–	–	–
Total comprehensive income for the year	–	267 579	267 579
REIT distribution paid	–	(100 552)	(100 552)
Total contributions by and distributions to owners of company recognised directly in equity	-	(100 552)	(100 552)
Balance as at 31 March 2020	1 606 452	542 738	2 149 190

Condensed consolidated statement of cash flows for the year ended 31 March 2021

	2021 R'000	Restated 2020 R'000
Net cash generated from / (used in) operating activities		
Cash generated from operations	213 595	238 047
Investment income	4 646	5 759
Finance costs	(98 424)	(90 911)
REIT distribution paid	(100 552)	(149 197)
Tax paid	(288)	(495)
Net cash generated from / (used in) operating activities	18 977	3 203
Cash used in investing activities		
Purchase of property, plant and equipment	(258)	(1 060)
Purchase and development of investment property	(34 553)	(57 374)
Proceeds from shareholders' loan	321	1 289
Net cash used in investing activities	(34 490)	(57 145)
Cash flows from financing activities		
Payment of share-based payment liability	(220 417)	(252 033)
Proceeds from interest-bearing borrowings	946 259	564 983
Repayment of interest-bearing borrowings	(710 847)	(259 782)
Payment lease liabilities (lessee)	(502)	(354)
Net cash from financing activities	14 493	52 814
Total cash movement for the year	(1 020)	(1 128)
Cash and cash equivalents at the beginning of the year	6 105	7 233
Total cash and cash equivalents at the end of the year	5 085	6 105

Segmental reporting 2021

The group classifies the following main segments, which is consistent with the way the group reports internally: Atteridgeville, Mamelodi, Sebokeng, Polokwane, Heidelberg and Namibia. Head office, Lynnwood and Soweto is regarded as reconciling.

Segment results and net assets, include items that can be 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
As at 31 March 2021				
Turnover (external)	115 346	79 907	71 478	16 488
Reportable segment profit before investment revenue, fair value adjustments and finance costs	94 883	61 660	51 106	11 991
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	—	—	—	—
Profit before investment revenue, fair value adjustments and finance costs	94 883	61 660	51 106	11 991
Segment assets and liabilities				
Segment assets	1 136 809	889 833	562 579	188 806
Unallocated assets	—	—	—	—
Total assets	1 136 809	889 833	562 579	188 806
Segment liabilities	9 580	4 069	5 503	795
Unallocated liabilities	—	—	—	—
Interest-bearing borrowings	—	—	—	—
Total liabilities	9 580	4 069	5 503	795
Other segment items				
Interest revenue (external)	184	96	75	28
Unallocated interest revenue	—	—	—	—
Investment revenue	184	96	75	28
Fair value adjustments	74 337	74 691	3 956	16 584
Interest expense	—	—	—	—

Unallocated interest expense	–	–	–	–
Finance costs	–	–	–	–

	Limpopo R'000	Namibia R'000	Recon- cilia- tion R'000	Total R'000
As at 31 March 2021				
Turnover (external)	23 882	31 117	4 494	342 712
Reportable segment profit before investment revenue, fair value adjustments and finance costs	14 753	5 973	–	240 366
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	(25 134)	(25 134)
Profit before investment revenue, fair value adjustments and finance costs	14 753	5 973	(25 134)	215 231
Segment assets and liabilities				
Segment assets	244 652	379 308	–	3 401 987
Unallocated assets	–	–	152 162	152 162
Total assets	244 652	379 308	152 162	3 554 149
Segment liabilities	2 090	2 190	-	24 227
Unallocated liabilities	–	–	60 281	60 281
Interest-bearing borrowings	–	–	1 320 451	1 320 451
Total liabilities	2 090	2 190	1 380 732	1 404 959
Other segment items				
Interest revenue (external)	106	85	–	574
Unallocated interest revenue	–	–	3 852	3 852
Investment revenue	106	85	3 852	4 426
Fair value adjustments	17 645	(6 889)	(10 507)	169 817
Interest expense	–	–	–	–
Unallocated interest expense	33	–	97 629	97 662
Finance costs	33	–	97 629	97 662

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000
As at 31 March 2020				
Turnover (external)	113 042	80 681	71 354	18 081
Reportable segment profit before investment revenue, fair value adjustments and finance costs	97 721	70 469	50 811	12 739
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–
Profit before investment revenue, fair value adjustments and finance costs	97 721	70 469	50 811	12 739
Segment assets and liabilities				
Segment assets	1 051 238	799 254	559 712	162 919
Unallocated assets	–	–	–	–
Total assets	1 051 238	799 254	559 712	162 919
Segment liabilities	6 629	3 234	4 234	753
Unallocated liabilities	–	–	–	–
Interest-bearing borrowings	–	–	–	–
Total liabilities	6 629	3 234	4 234	753
Other segment items				
Interest revenue (external)	–	–	–	–
Unallocated interest revenue	–	–	–	–
Investment revenue	–	–	–	–
Fair value adjustments	(3 439)	2 391	26 411	(9 962)
Interest expense	–	–	–	–
Unallocated interest expense	–	–	–	–
Finance costs	–	–	–	–

	Limpopo R'000	Namibia R'000	Recon- cilia- tion R'000	Total R'000
As at 31 March 2020				
Turnover (external)	30 510	48 783	4 333	366 784
Reportable segment profit before investment revenue, fair value adjustments and finance costs	20 342	8 723	–	260 806
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	(35 416)	(35 416)
Profit before investment revenue, fair value adjustments and finance costs	20 342	8 723	(35 416)	225 390
Segment assets and liabilities				
Segment assets	227 204	404 367	–	3 204 694
Unallocated assets	–	–	168 024	168 024
Total assets	227 204	404 367	168 024	3 372 719
Segment liabilities	1 683	3 687		20 220
Unallocated liabilities	–	–	283 097	283 097
Interest-bearing borrowings	–	–	1 087 240	1 087 240
Total liabilities	1 683	3 687	1 370 337	1 390 556
Other segment items				
Interest revenue (external)	-	216	–	216
Unallocated interest revenue	–	–	5 389	5 389
Investment revenue	-	216	5 389	5 605
Fair value adjustments	14 507	(9 728)	(3 704)	16 477
Interest expense	–	–	–	–
Unallocated interest expense	79	–	90 916	90 995
Finance costs	79	–	90 916	90 995

Earnings per share for the year ended 31 March 2021

	2021	2020
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	267 579	107 662
Ordinary shares in issue at year end	257 826 016	257 826 016
Weighted average number of ordinary shares	257 826 016	257 826 016
Diluted weighted average number of shares	257 826 016	257 826 016
Headline earnings (R'000)	97 762	91 185
Basic earnings per share (cents)	103,78	41,76
Diluted earnings per share (cents)	103,78	41,76
Basic headline earnings per share (cents)	37,92	35,37
Diluted headline earnings per share (cents)	37,92	35,37
Headline earnings reconciliation		
Basic earnings (profit after tax) (R'000)	267 579	107 662
Gains and losses from the adjustment to fair value of non-current assets (R'000)	(169 817)	(16 477)
Headline earnings	97 762	91 185

Net asset value per share

	2021 R'000	2020 R'000
Total assets	3 554 149	3 372 719
Total liabilities	(1 404 959)	(1 390 556)
	2 149 190	1 982 163
Ordinary shares in issue (excluding 53 million Safari shares held by Southern Palace in 2020)	257 826 016	257 826 016
Net asset value per share (cents)	834	769
Tangible net asset value (cents)	834	769

REIT distribution paid

	2021 R'000	2020 R'000
Prior year final distribution (22 cents per share) (2020: 24 cents per share)	(56 722)	(74 598)
Interim distribution (17 cents per share) (2020: 24 cents per share)	(43 830)	(74 598)
	(100 552)	(149 196)

Distribution statement

	2021 R'000	2020 R'000
Revenue (including recoveries)	344 033	350 888
Lease-smoothing effect	(16 759)	(24 656)
Expenses	(116 993)	(114 831)
Net interest	(93 236)	(85 390)
Interest income	4 426	5 605
Interest expense	(97 662)	(90 995)
Transaction costs expensed *	1 930	13 924
Distributable earnings	118 975	139 935
Interim distribution paid	(43 830)	(74 598)
Interim distribution per share (cents)	17	24
Available for distribution at year end	75 145	65 337
Actual number of shares excluding 53 million Safari shares held by Southern Palace in 2020	257 826 016	257 826 016
Final distributable income per share (cents) available	29	25
Percentage of distributable income distributed for the financial year	91%	94%
Final distribution per share (cents)	25	22

The 12-month period under review (1 April 2020 to 31 March 2021) has been impacted by the full extent of the COVID-19 lockdown regulations instituted at various levels since 26 March 2020. The effect of the lockdown and subsequent rent relief granted by Safari and reduced turnover rental is clear in the lack of growth in property revenue which remained flat year-on-year. Furthermore, the final settlement paid to Sanlam during May 2020 on the guarantee provided on the Southern Palace transaction resulted in an increased interest expense in the 12-month period under review. In our interim results for the six-month period ending 30 September 2020, we reported that we expected the metrics to improve significantly for the second half of the 2021 financial year. The easing of lockdown restrictions during the second half of the financial year, tenant retention and improved trade at all our retail assets certainly resulted in a much-improved second half of the 2021 financial year compared to the preceding six months.

Although it remains difficult to provide guidance with certainty on expected distributable earnings for the 2022 financial year, given the continued effect of COVID-19 on the economy and on the property industry, we are confident that, based on current forecasts and information available, and on the assumption of normalised trading conditions, we will see distributable earnings per share increase by between 25% and 29% compared to the 2021 financial year. The main reason for this expected increase is the fact that in the 2021 financial year, COVID-19 rent relief of approximately R27,5 million was granted to tenants and in our current forecasts we are not making provision for further COVID-19 rent relief in the 2022 financial year. This forecast is the responsibility of the Safari Board and has not been reviewed or reported on by the auditor.

Basis of preparation

The **condensed** consolidated financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act 71 of 2008 of South Africa, as amended. The JSE Listings Requirements require **condensed** reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the presentation and disclosure requirements of IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the Companies Act 71 of 2008.

Explanatory notes to the condensed consolidated statement of financial position and condensed consolidated statement of comprehensive income for the year ended 31 March 2021:

1. It is the group's policy to have the investment property portfolio valued on an annual basis by an independent valuer. The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totaling R3 282 149 000 (2020: R3 061 727 000) was based on the discounted cash flow method.

The valuation of investment property (Lynnwood and other vacant stands/remaining bulk), totalling R71 613 000 (2020: R87 665 000) was based on the direct comparable method, plus development cost. This method was used as the aforementioned portions are not yet income earning (not yet generating cash flow).

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 valuer were to increase both the terminal capitalisation and discount rates by 0,50%, the total valuation would decrease by R165 493 976. If the valuer were to decrease both the terminal capitalisation and discount rates by 0,50%, the total valuation would increase by R185 204 240.

If the valuer were to increase the long-term vacancy provision by 1,00%, the total valuation would decrease by R16 012 000. If the valuer were to decrease the long-term vacancy provision by 1,00%, the total valuation would increase by R16 068 000.

Due to COVID-19, these valuations are reported based on "material valuation uncertainty" as per VPS 3 and VPGA 10 of the RICS Red Book Global. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

2. The average annualised property yield for the income-generating property portfolio based on market values as at 1 April 2020 is 7,72% for the 2021 financial year. Included in revenue is gross rent, solar income, sundry income and turnover rent for all income-generating properties and all property expenses have been deducted.

3. The 27 luxury upmarket apartments are available for sale in the ordinary course of business. The apartments were impaired by R11,5 million in the current financial year.

4. As per the SENS announcement published on 4 May 2020, the repayment of the outstanding balance under the Sanlam Southern Palace facility had been called upon by Sanlam from Southern Palace, consequently, Southern Palace did not make the required payment. On 6 May 2020, Safari, in terms of the Safari guarantee, paid over to Sanlam the outstanding debt of R220 416 716 from existing debt facilities.

Safari holds a pledge over the 53 million Safari shares as security for the claim against Southern Palace and would recover, as a minimum for the debt owed by Southern Palace, the value of the shares upon realisation or cancellation. As part of the board's considerations, cancellation of all or some of these shares may present additional consequences to shareholders which may be beneficial e.g. dividend per share. The 53 million shares are classified as treasury shares for accounting purposes.

5. Trade and other receivables consists of mainly outstanding rental balances and recoveries. Note that there is a timing difference on recovery of utilities at Nkomo Village and Thornhill shopping centres. Allowance for credit losses were also raised in terms of IFRS9.

Trade and other payables consist of tenant deposits held, income received in advance, accrued expenses and VAT payable to the Receiver of Revenue for the financial period under review.

6. During the 2019 financial year, Safari successfully implemented a security special purpose vehicle ("SPV") whereby bonds have been registered over most of Safari's investment properties in the security SPV structure to provide pooled security to lenders. The structure is regulated by a Common Terms Agreement, cession of security, counter indemnity agreements as well as debt guarantees. Absa is currently Safari's sole financier.

Secured loans:

Facility A: R300 000 000 accruing interest at the three-month JIBAR rate plus 1,75%

Facility B: R200 000 000 accruing interest at the three-month JIBAR rate plus 1,95%

Facilities C&D: R500 000 000 monthly repayment of interest only at the prime bank overdraft rate less 1,05% (prime: 7% (2020: 8,75%)), at year-end with the capital due on both facilities upon maturity in August 2021. Negotiations with the lender for new facilities to replace the maturing facilities are at an advanced stage with lender credit approval already in place by the date of publication of this report. Their implementation of the new facilities remains subject to conditions precedent usual and customary for facilities of this nature.

Facility E: R150 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,2% with the capital due upon maturity in August 2023.

Facility F: R100 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,3% with the capital due upon maturity in August 2024.

Facility G: R150 000 000 – monthly repayment of interest only at the prime bank overdraft rate less 1,15% (prime: 7% (2020: 8,75%)), at year-end with the capital due upon maturity in August 2022.

7. Due to the impact of Covid relief granted to tenants during the 2021 financial year, the property revenue remained flat compared with the previous year.

8. Property expenses as a percentage of property revenue was 27% compared to 24% in the previous year's results. Stringent budgeting and continuous monitoring of expenses remain a focus area for management.

9. The deferred tax asset for Namibia is a result of the downward fair valuation of the Platz am Meer property. Management's judgement is that the current economic climate together with certain property-specific matters, which are being addressed, resulted in the downward valuation and should be reversed once there is a turn-around. The valuation of the asset will be assessed at each reporting period.

10. Restatement and reclassification of comparatives:

Consolidated statement of profit or loss and other comprehensive income

In the prior year, revenue from the sale of inventory was not presented as part of revenue, but instead within a line item called gain or (loss) on sale of inventory. Given that these inventory sales meet the definition of revenue, they are now presented as part of revenue.

Consolidated statement of cash flows

Proceeds from shareholders' loans was incorrectly classified as a financing cash flow in the prior year. This has been reclassified as an investing cash flow in accordance with IAS 7.16(f).

Cash flows related to lease liabilities have been restated to remove the finance cost element out of financing activities and are presented within finance costs under operating activities.

	Previously presented R'000	Restated balance R'000
Net cash from operating activities	3 841	3 203
Net cash used in investing activities	(58 434)	(57 145)
Net cash from financing activities	53 465	52 814

Financial statements

The consolidated financial statements for the year have been audited by BDO South Africa Incorporated and an unmodified report issued, and is available for inspection at the group's registered office, which full report includes details of key audit matters.

The **condensed** consolidated financial statements are extracted from the audited financial information but are not themselves audited. Information included under the headings "2021 Performance overview" and "Director's report" has not been audited or reviewed. Shareholders are advised that in order to obtain a full understanding of the nature of the auditors' engagement the report with accompanying financial statements is available at the group's registered offices. The directors take full responsibility for the preparation of the **condensed** results and all financial information has been correctly extracted from the underlying annual financial statements.

The consolidated annual financial statements were approved by the Board of Directors on 23 June 2021.

New standards and interpretations

The accounting policies of the group have been applied consistently to the policies as presented in the consolidated financial statements for the year ended 31 March 2020 save for the adoption of new and amended standards as set out below:

- IFRS 3 Business Combinations (Amendment – Definition of a Business): These amendments in IFRS 3 did not have any impact on the amounts recognised in the Group's current and prior periods.

-IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative: The impact of this amendment was not material on the Group.

Board commentary

Profile

Safari Investments RSA Limited (Safari), with a total asset base of R3,55 billion, is a retail-focused Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange Limited (JSE) main board under the property sector.

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

Property portfolio

The property portfolio consists of 9 properties. Eight of the properties are established retail centres, of which four are serving as regionals in their areas. The Soweto Day Hospital, operational since January 2016, also forms part of the Safari property portfolio. The aforementioned properties are the income-generating assets in the Safari portfolio. These include (rentable area) Denlyn in Mamelodi (34 470m²); Atlyn (31 239m²), Nkomo Village (19 312m²) and Mnandi (8 717m²) in Atteridgeville; Thabong in Sebokeng (34 611m²); The Victorian in Heidelberg (11 777m²); Platz am Meer in Swakopmund (21 228m²); Thornhill in Polokwane (12 390m²) and the Soweto Day Hospital (1 379m²). The retail centres are anchored by national retailers such as Shoprite /Checkers, Super Spar, Boxer and Pick n Pay. Safari's current rental portfolio is 95% retail based.

The luxury apartments that form part of Platz am Meer in Swakopmund are currently being marketed on an open mandate.

Letting activity

Safari's vacancy factor in its portfolio as at 31 March 2021 was 2,4% (2020: 3,3%) of the total income-generating retail space which consisted of 87% (2020: 87%) national tenants.

Prospects

Safari expects to continue to operate in a fragile South African and Namibian economy but will remain focused on refining its portfolio to ensure that sustainable income is being generated from assets and will continue to manage assets to remain defensive in tough trading conditions. The company will achieve this through continued hands-on management, repositioning assets and disposing of assets not within its strategic focus.

Dividend declaration

Shareholders are advised that the directors of Safari have approved and declared a final gross cash distribution of 25 cents per share for the period ended 31 March 2021 from income reserves.

Shareholders will not be able to elect to reinvest the cash distribution in return for ordinary shares.

Salient dates and times

The following salient dates and times are applicable to the final dividend:

Declaration date	Wednesday, 30 June 2021
Last day to trade cum dividend distribution	Tuesday, 20 July 2021
Trading ex-dividend commences	Wednesday, 21 July 2021
Record date	Friday, 23 July 2021
Payment date	Monday, 26 July 2021

notes:

Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 21 July 2021 and the close of trade on Friday, 23 July 2021, both days inclusive.

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, No 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

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i) (aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are however exempt from dividend withholding tax ("Dividend Tax") in the hands of South African resident shareholders provided that the South African resident shareholders have provided to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares, a DTD(EX) (Dividend Tax: Declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as South African residents.

If resident shareholders have not submitted the abovementioned 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 20.0 cents per share. A reduced dividend withholding rate in terms 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 cease 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 abovementioned 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 dividend declaration date.
- Income tax reference number of Safari: 9012/264/14/0.

Notice of annual general meeting

Notice is hereby given that the annual general meeting ("AGM") will only be accessible through electronic participation at 14h00 on Thursday, 19 August 2021 to transact the business as set out in the notice of AGM which forms part of the Integrated Report.

The date on which Shareholders must be recorded as such in the share register of the Company to be eligible to vote at the AGM is Friday, 13 August 2021, with the last day to trade being Tuesday, 10 August 2021.

By order of the Board
30 June 2021

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)

Auditors
BDO South Africa Incorporated
Wanderers Office Park,
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Commercial banker
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(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
The Corner Office, 410 Lynnwood Road, Lynnwood, Pretoria, 0081
Postal: As above

Directors of Safari Investments RSA Limited

GJ Heron (Chairperson)
DC Engelbrecht (Chief Executive Officer)
WL Venter (Chief Financial Officer)
Dr MT Matshoba-Ramuedzisi (Lead Independent Non-executive)
MH Muller (Independent Non-executive)
Dr PA Pienaar (Independent Non-executive)

Independent valuer

Mills Fitchet (Tvl) CC

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Sponsor

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Transfer secretaries

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