

SAFARI
INVESTMENTS RSA LTD

**20
21** CONDENSED CONSOLIDATED UNAUDITED
INTERIM FINANCIAL RESULTS
AND INTERIM DIVIDEND DISTRIBUTION DECLARATION
FOR THE PERIOD ENDED 30 SEPTEMBER

AT A GLANCE

Safari Investments RSA Limited
and Subsidiary

(Registration number: 2000/015002/06)

Published: 19 November 2021

The Chief Financial Officer, Mr WL Venter, was responsible for the preparation of these unaudited financial statements, executed by the financial manager, Mr T Potthraju.

Safari Investments RSA Limited ("Safari" or "the Company") is a property investment company listed on the JSE Limited ("JSE") as a Real Estate Investment Trust ("REIT"). Through selective investments in property, especially convenience and small regional shopping centres, we create value for our stakeholders as we strive for sustainable growth and earnings.

OUR CORPORATE STRATEGY



Growth

Strategically grow a specialised portfolio of premium retail assets through investing in convenience or small regional shopping centres and potential ancillary or value-adding assets, either through new acquisitions or expansion of existing assets, within South Africa



Efficiency

Maintain a defensive income stream by focusing on long-term sustainability through effective property management and enhancing the dominance of our assets in our target market



Brand

Strengthen the Safari brand through focusing on transformation, talent management, investor relations and continued good corporate governance

Total GLA of property portfolio

175 404m²

Portfolio
occupancy
rate

98,03%

(Sep 2020: 96,96%)

Interim
distribution
per share

**25
cents**

(Sep 2020: 17 cents)

NAV per share

R8,21[#]

(Sep 2020: R7,58)

LTV

39%[#]

(Sep 2020: 42%)

FFO per share

**25
cents[#]**

(Sep 2020: 19 cents)

Cost-to-income ratio

37%*

(Sep 2020: 39%)

Reversion rate
on renewals

+1,9%

[#] Calculated in line with the SA REIT Association Best Practice Recommendations. Refer to Annexure 1 for full disclosure.

* Excluding the impact of July 2021 unrest. Should costs to repair riot related damage be included – while insurance claims are not yet concluded – the ratio disproportionately increases to 46% for the reporting period.

Profile

Safari is a retail-focused REIT listed on the JSE main board with a property portfolio value of R3,4 billion. The Company has a simplified and focused approach to quality property assets in the retail sector that generate 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. Centres include Denlyn in Mamelodi, Pretoria; Atlyn, Mnandi and Nkomo Village in Atteridgeville, Pretoria; Thabong in Sebokeng, Johannesburg; The Victorian in Heidelberg; Thornhill in Polokwane and Platz am Meer in Swakopmund, Namibia. Safari also owns a private day hospital in Soweto. Safari invests in solar panels at several of its retail centres. Safari also owns 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 occupational rent is charged.

The bulk reserve held for future development or the expansion of existing nodes includes the following: Nkomo Village ±20 000m²; Lynnwood ±13 000m²; Platz am Meer ±10 000m²; Thabong ±10 000m².

Letting activity

According to MSCI Real Estate resources, annualised trading density in the sector was up 7,6% year-on-year at June 2021, driven by increased retail spending and visits. Township trading density outperformed suburban in June 2021, with township trading density in June 2021 also above the level measured in pre-COVID-19 June 2019. Occupancy for Safari remained very strong with a vacancy factor of only 1,97% as at 30 September 2021 (2020: 3%).

Civil unrest

The unrest experienced in South Africa in July 2021 had an impact on investment property with sectors carrying the most impact being warehousing and factories, logistics, distribution centres and shopping centres. Only one property in the portfolio, Thabong Shopping Centre, was

significantly impacted with damage estimated between R45 million and R50 million. The damage to property is recoverable under Sasria. The majority of tenants were operational again in August 2021 and the centre is expected to be fully reinstated by end November 2021. A claim for our loss of rental income due to business interruption is also in process.

COVID-19 impact

The Board continues to monitor the impact of COVID-19 and remains in contact with stakeholders to manage and mitigate the risks that the pandemic poses to the industry. Relief provided to tenants who were restricted to trade during the reporting period amounted to approximately R1,5 million. Recovery of rental income has otherwise returned to near normal levels. Liquidity and balance sheet strength in the short term remains key to the Board. An insurance claim including approximately R29 million COVID-19 rent relief to date has been submitted. At reporting date no insurance payment has been received and we proceeded with legal action and issued summons. The underwriter subsequently defended the matter. Legal proceedings are still in process. We remain optimistic about the merits of the claim considering the litigation outcome of recent similar cases in the South African Supreme Court of Appeal.

Financial performance

Headline earnings increased to R70,4 million in comparison to R14,7 million in the corresponding prior period. Whilst COVID-19 had a more significant impact on the earnings of the previous comparable period, the recovery of earnings per share from 5.70 cents to 27.31 cents over the period under review, now in line with pre-COVID-19 levels, is mainly as a consequence of the fair value profit on hedging instruments. Property revenue increased from R147,3 million at 30 September 2020 to R175,5 million at 30 September 2021 with distributable income also increasing by 31% over the same period.

Net operating income increased by 22,7% when compared with the prior six month period with notably higher operating expenses also reported in the current period, largely attributable to the civil unrest and its related insurance claim not yet concluded at reporting date.

Distributable earnings

Although the 6-month period under review has continued to be impacted by the pandemic as well as civil unrest in July 2021, property revenue recovered well. Tenant retention and improved trade at our retail assets resulted in an improved six months compared to the prior reporting period. With a very low vacancy of only 1,97% and a positive reversion rate of 1,9% on renewals and tenant replacements, we are confident in the strength of the tenant base and the portfolio's ability to generate sustainable growth and earnings. Refer to note 13 for the disclosure of distributable earnings.

It remains difficult to provide guidance with certainty on expected distributable earnings for the remainder of the 2022 financial year given the continued impact of the pandemic on the economy and the property industry and also the impact of unrest experienced during the current reporting period. Based on current forecasts and information available, and on the assumption of normalised trading conditions plus the riot related insurance claim being concluded successfully, we are confident that distributable earnings per share will increase by between 23% and 27% compared to the 2021 financial year. This is a slight downward adjustment to our initial guidance. The expected increase is on the assumption of no further provision of rent relief to tenants for the remainder of the 2022 financial year while in the 2021 financial year approximately R27,5 million of rent relief to our tenants had to be absorbed.

The forecast is the responsibility of the Board and has not been reviewed or reported on by the auditor.

Development projects

Refurbishment and reconfiguration of the Heidelberg shopping centre is in process. The tenant mix is enhanced and its new image and name "Victorian Village" will be launched early 2022. Rezoning of the Lynnwood property for retail is in process. Council approval and construction of the filling station at Mnandi is anticipated to be completed end November 2022. A phase 2 expansion for Nkomo Village is planned as expressions of interest from national retailers continue to increase.

Security

After considering the financial and operational advantages, the Board resolved to internalise the security function in a joint venture with Heriot REIT. The security function is planned to be fully internalised and operational by 1 February 2022.

Funding

Safari currently has secured loan facilities totalling R1,4 billion. As at 30 September 2021, the interest-bearing debt represents 39% of the total value of property assets and the weighted combined SA REIT cost of debt is 7,54%. As at 30 September 2021, 49% of Safari's debt is hedged by way of interest rate swaps.

Southern Palace

The Southern Palace matter remains a key priority and the Company is actively working towards a final resolution which will be in the best interest of the Company and its stakeholders.

Going concern

The Directors are of the opinion that the Company has adequate financial resources to continue its operations for the foreseeable future and, accordingly, the condensed consolidated unaudited interim financial statements have been prepared on a going concern basis. A facility from Absa with an outstanding balance of R72,3 million as at reporting date is included in "current liabilities" and will mature in August 2022. Negotiations to refinance the maturing facility will commence within the first half of 2022. The Company is in sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements for operational activities and capital commitments. The Directors will continue to closely monitor the impact of COVID-19 and its possible effect on the ability of the Company to continue its operations as a going concern.

Credit rating

During September 2021, Safari received its seventh credit rating from Global Credit Rating ("GCR"). GCR has revised the outlook on Safari's BBB(ZA) issuer rating to stable. The short-term national scale rating remained at A3(ZA).

INCOME-GENERATING RETAIL PORTFOLIO

for the period ended 30 September 2021

Geographic	The Victorian Heidelberg, Gauteng	Denlyn Mamelodi, Gauteng	Atlyn Atteridgeville, Gauteng	Thabong Sebokeng, Gauteng	Thornhill Polokwane, Limpopo	Mnandi Atteridgeville, Gauteng	Platz am Meer Swakopmund, Namibia	Soweto Day Hospital Soweto, Gauteng	Nkomo Village Atteridgeville, Gauteng
Trading since	1997	2003	2006	2007	2009	2015	2016	2016	2018
Total rentable area	12 073m ²	34 455m ²	31 239m ²	34 611m ²	12 390m ²	8 717m ²	21 228m ²	1 379m ²	19 312m ²
Occupation	95,7%	99,8%	100%	100%	100%	99,9%	90,8%	100%*	95,4%
National tenancy	97%	89%	87%	86%	95%	83%	84%	N/A	86%
Number of shops	38	121	99	99	36	30	72	N/A	60
Annual trading density/m ² September 2021	59 020 R/m ²	36 967 R/m ²	32 844 R/m ²	38 347 R/m ² @	36 251 R/m ²	25 643 R/m ²	25 481 R/m ²	N/A	36 763 R/m ²

@ Calculation for Thabong excludes the trading period affected by unrest.

* A valid lease agreement is in place at reporting date. The tenant, Advanced Health Soweto Proprietary Limited, did however file for liquidation. Safari is opposing the application while alternative options for the premises are under consideration.

Portfolio highlights

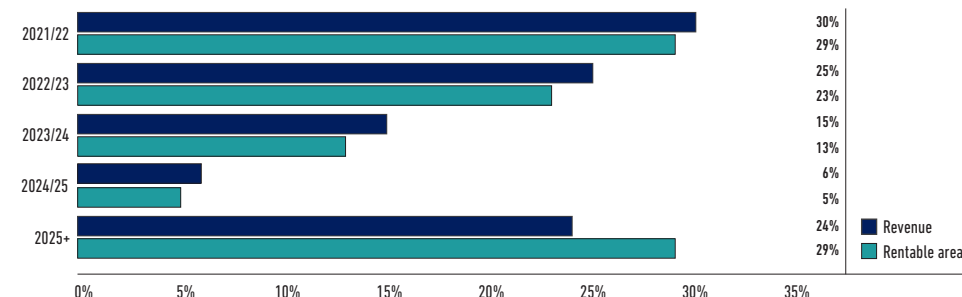
Portfolio vacancy	1,97%
Portfolio national tenancy % (GLA)	88%
Weighted average trading density for the portfolio	36 517 R/m ²
Current reporting period collection of billings	96,2%#

Collection of billings from Thabong was impacted by the unrest. A delay was evident in collecting billings from tenants at Thabong who were affected by the riots, forming 25,3% of total rent receivable as at reporting date.

Development projects

The Victorian refurbishment	Mnandi filling station	Thabong expansion	Nkomo Village phase 2	Lynnwood erven
Capex: approximately R68 million	Investment value: approximately R13 million	Planned: Shoprite	Planned: 3 750m ² additional retail including Shoprite	Rezoning in process: mixed use
Launch of phase 2: early 2022	Opening date: end November 2022	Anticipated opening date: November 2022	Anticipated launch date: 2023	Planned: approximately 5 000m ²

Lease expiry profile of the portfolio



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2021

Note(s)	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Assets			
Non-current assets			
Property, plant and equipment	841	878	920
Right-of-use assets	5 466	6 445	5 955
Investment property	3 263 780	3 058 120	3 245 810
Fair value of investment property	3 379 193	3 155 266	3 353 762
Operating lease asset	(115 413)	(97 146)	(107 952)
Loans to shareholders	41 921	44 035	43 077
Operating lease asset	114 074	93 898	104 591
Deferred tax	16 972	20 407	20 038
	3 443 054	3 223 783	3 420 391
Current assets			
Inventories	85 698	122 684	106 000
Loans to shareholders	6 490	5 351	6 262
Trade and other receivables	16 281	17 795	13 050
Operating lease asset	1 339	3 248	3 361
Cash and cash equivalents	6 965	4 922	5 085
	116 773	154 000	133 758
Total assets	3 559 827	3 377 783	3 554 149
Equity and liabilities			
Equity			
Stated capital	1 606 452	1 606 452	1 606 452
Retained income	548 706	333 688	542 738
	2 155 158	1 940 140	2 149 190
Liabilities			
Non-current liabilities			
Interest-bearing borrowings	1 250 000	824 656	516 065
Derivatives	21 141	56 371	35 540
Lease liabilities	5 942	6 665	6 332
Deferred tax	13 831	20 337	9 361
	1 290 914	908 029	567 298
Current liabilities			
Trade and other payables	29 585	26 927	29 756
Interest-bearing borrowings	75 985	500 312	804 386
Derivatives	7 462	1 804	2 875
Lease liabilities	723	571	644
	113 755	529 614	837 661
Total liabilities	1 404 669	1 437 643	1 404 959
Total equity and liabilities	3 559 827	3 377 783	3 554 149

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the period ended 30 September 2021

Note(s)	Unaudited Six months ended 30 September 2021 R'000	Unaudited Six months ended 30 September 2020 R'000	Audited Year ended 31 March 2021 R'000
Revenue	201 770	153 349	342 712
Property revenue	175 490	147 397	320 898
Straight-line lease adjustment	7 460	5 952	16 759
Revenue from sale of inventory	18 820	–	5 055
Other income	15 735	2 572	6 376
Cost of inventory sold	(21 071)	–	(5 356)
Impairment of inventory	–	–	(11 508)
Operating expenses	(80 966)	(57 125)	(116 993)
Operating profit	115 468	98 796	215 231
Investment income	2 037	2 158	4 426
Fair value adjustments	–	–	153 058
Gross fair value adjustments	–	–	169 817
Straight-line lease adjustment	–	–	(16 759)
Finance costs	(48 991)	(48 716)	(97 662)
Fair value profit/(loss) on hedging instruments	9 787	(32 496)	(12 835)
Profit before taxation	78 301	19 742	262 218
Taxation	(7 876)	(5 043)	5 361
Profit for the period	70 425	14 699	267 579
Other comprehensive income	–	–	–
Total comprehensive income for the period	70 425	14 699	267 579
Basic/diluted earnings per share (cents)	27	6	104

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2021

	Share capital R'000	Retained income R'000	Total equity R'000
Balance as at 1 April 2020 (Audited)	1 606 452	375 711	1 982 163
Profit for the period	–	14 699	14 699
Other comprehensive income	–	–	–
Total comprehensive income for the period	–	14 699	14 699
REIT distribution paid	–	(56 722)	(56 722)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	(56 722)	(56 722)
Balance as at 30 September 2020 (Unaudited)	1 606 452	333 688	1 940 140
Profit for the period	–	252 880	252 880
Other comprehensive income	–	–	–
Total comprehensive income for the period	–	252 880	252 880
REIT distribution paid	–	(43 830)	(43 830)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	(43 830)	(43 830)
Balance as at 31 March 2021 (Audited)	1 606 452	542 738	2 149 190
Profit for the period	–	70 425	70 425
Other comprehensive income	–	–	–
Total comprehensive income for the period	–	70 425	70 425
REIT distribution paid	–	(64 457)	(64 457)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	(64 457)	(64 457)
Balance as at 30 September 2021 (Unaudited)	1 606 452	548 706	2 155 158

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2021

Note(s)	Unaudited Six months ended 30 September 2021 R'000	Restated unaudited Six months ended 30 September 2020 R'000	Audited Year ended 31 March 2021 R'000
Net cash generated from/(used in) operating activities			
Cash generated from operations	125 545	80 568	213 595
Investment income	2 256	2 329	4 646
Finance costs	(52 370)	(42 123)	(98 424)
REIT distribution paid	(64 457)	(56 722)	(100 552)
Tax paid	(340)	(85)	(288)
Net cash from/(used in) operating activities	10 634	(16 033)	18 977
Cash from/(used in) investing activities			
Purchase of property, plant and equipment	(69)	(78)	(258)
Purchase and development of investment property	(17 970)	(2 618)	(34 553)
Proceeds from shareholders' loans	709	479	321
Net cash used in investing activities	16 (17 330)	(2 217)	(34 490)
Cash flows from/(used in) financing activities			
Payment of share-based payment liability	–	(220 417)	(220 417)
Proceeds from interest-bearing borrowings	984 322	1 099 222	946 259
Repayment of interest-bearing borrowings	(975 435)	(861 497)	(710 847)
Payment of lease liabilities (lessee)	(311)	(241)	(502)
Net cash from financing activities	16 8 576	17 067	14 493
Total cash movement for the period	1 880	(1 183)	(1 020)
Cash at the beginning of the period	5 085	6 105	6 105
Total cash and cash equivalents at the end of the period	6 965	4 922	5 085

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

The condensed consolidated unaudited interim financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), IAS 34 *Interim Financial Reporting*, and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act 71 of 2008 ("Companies Act") of South Africa and the JSE Listings Requirements. The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous audited consolidated annual financial statements. These interim results have neither been reviewed nor audited by the Company's auditors.

The second edition of the SA REIT Association's Best Practice Recommendations published in November 2019 encourages consistent presentation and disclosure of relevant metrics in the SA REIT sector. Annexure 1 discloses the SA REIT ratios for the six months ended 30 September 2021.

The condensed consolidated unaudited interim financial statements were approved by the Board on 17 November 2021.

2. Investment property

The investment property portfolio is valued on an annual basis by an independent valuer. The most recent valuation was done on 31 March 2021 and the next will be done on 31 March 2022. 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. 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.

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 the valuation than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate market, it has been recommended that property valuations remain under frequent review. The Board considered the fair values to be relevant at reporting date since sufficient insurance is in place covering the short term impact of the unrest and the properties affected were repaired and reinstated in a short period.

3. Operating lease asset

Lease terms range from three to ten years and the average weighted contractual escalation in gross rental/m² was between 5% and 8% for the six months ended 30 September 2021.

4. Inventory

The Platz am Meer mixed-used development has been incorporated into a sectional title scheme with 39 units consisting of 36 apartments registered in 36 separate close corporations, one office unit registered in a private company known as Platz am Meer Property One Proprietary Limited and two commercial units being the ground and first floor of the retail centre registered in the name of Safari Investments Namibia Proprietary Limited. A proportionate allocation of the development cost of the land was transferred to these close corporations and private company. The person/s or legal entity 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 the unsold close corporations. Inventories are measured at the lower of cost and net realisable value. During the current reporting period, a further six apartment units were sold, bringing the total sold to 15, with 21 apartment units remaining for sale on the market as at the reporting date.

5. Stated capital

In the 2022 financial year, Safari intends to 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.

6. Trade and other receivables/payables and loans to shareholders

Trade and other receivables include R8,9 million (2020: R9,1 million) of monthly rental debtors. The remainder of the trade and other receivables balance mainly relates to ad hoc billings such as turnover rental, electricity and water recoveries, deposits paid and prepaid expenses. Trade and other payables include tenant deposits held, income received in advance, VAT payable and accrued expenses. Factors that were considered in the assessment of an expected credit loss allowance on the vendor loan include the 30-day volume-weighted average price of a Safari share given that there would be no apparent urgency from Safari to trade these shares currently held as security and that the expected increase in future distributions would advance the rate at which capital is repaid. As a result, the Company does not foresee the provision for an expected credit loss allowance being established.

7. Interest-bearing borrowings

The bulk of current and non-current liabilities relate to facilities currently in place.

Debt covenants– LTV and interest cover ratio "(ICR")	Actual ratios as at 30 September 2021	Covenant ratios applicable as at 30 September 2021
Transactional LTV (including mark-to-market value)	41%	<55%
Transactional LTV (excluding mark-to-market value)	40%	<50%
Transactional ICR	2,68	>1,85
Corporate ICR	2,42	>2,00
Corporate LTV	41%	<50%
Hedging covenant (of facilities H and B)	100%	>75%
Hedging agreement covenant	0,49	<1,25

Safari remains within the parameters of compliance for debt covenants and does not foresee any breaching of covenant triggers. A facility from Absa with an outstanding balance of R72,3 million as at reporting date is included in "current liabilities" and will mature in August 2022. Negotiations to refinance the maturing facility will commence within the first half of 2022.

8. Property revenue

Interim property revenue increased by 19% compared to September 2020. Should riot related rental relief provided to tenants in the current reporting period be excluded, the increase would be 21%.

9. Operating expenses

The SA REIT cost-to-income ratio increased from 39% to 46% and includes the impact of July 2021 unrest. Costs to repair damage due to the unrest caused this disproportionate change as at reporting date with our insurance claim not yet concluded. If costs to repair riot related damage are excluded, the ratio decreases to 37% for the reporting period.

10. Events during the reporting period

On 1 June 2021, Safari concluded and implemented new facility agreements with its current lender, Absa, to refinance all near-term debt maturities. 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.

On 23 June 2021, the Board approved the development of a filling station at Mnandi Shopping Centre of approximately R13 million. Estimated completion of this capital project is end November 2022.

On 23 June 2021, the Board approved a final cash distribution for the 2021 financial year of 25 cents per Safari share that was paid to shareholders during July 2021.

Shareholders are referred to the SENS announcement published on 30 June 2021 relating to the condensed audited annual financial results for the 2021 financial year, dividend distribution declaration, release of the Integrated Annual Report, notice of Annual General Meeting, the approval of Non-executive Directors' remuneration and the adoption of the Long-term Share Incentive Plan.

Shareholders are referred to the SENS announcements published on 15 July 2021 and 18 August 2021 providing updates on the civil unrest and reinstatement status of properties.

At the Annual General Meeting held on 19 August 2021, all resolutions were passed.

On 23 September 2021, Mr Steven Herring was appointed as Non-executive Chairman of the Board and Chairman of the Investment Committee. Mr Herring is the Non-executive Chairman of Heriot, a JSE-listed REIT with a portfolio primarily in the industrial and retail sectors valued in excess of R4 billion. Former Chairman, Mr Heron, remains an Independent Non-executive Director of Safari. Dr Tumeka Matshoba-Ramuedzisi continues in her role as the Lead Independent Non-executive Director.

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

The Directors are not aware of any other material reportable events that occurred during the reporting period.

11. Events subsequent to the reporting period

At the Board meeting held on 17 November 2021, the Board approved the following capital projects subject to certain conditions precedent being met:

- Nkomo Village phase 2 – capital amount of R56 708 050
- Sebokeng Shoprite – capital amount of R17 070 993

Furthermore as part of the company's strategy to hold and grow a specialised retail portfolio in South Africa, the Board resolved to dispose of the following assets:

- Soweto Day Hospital, Soweto, Gauteng
- Mnandi shopping centre, Atteridgeville, Gauteng
- Platz Am Meer, Swakopmund, Namibia.

Proposed transactions will be subject to board approval and other required conditions precedent being met. The Board will consider how to best redeploy proceeds from these sales as and when they realise.

At the Board meeting held on 17 November 2021, the appointment of Martin Basson as Chief Operating Officer was approved by the Board. This position will not be a Safari board seat. The role will include oversight of the asset management, property management and project management functions.

At the Board meeting held on 17 November 2021, the Board approved a gross cash interim distribution of 25 cents per ordinary share to be paid during December 2021, subject to adherence to the solvency and liquidity requirements as stated in the Companies Act.

The Directors are not aware of any other material reportable events that occurred subsequent to the reporting period.

12. Earnings per share

	Unaudited Six months ended 30 September 2021	Unaudited Six months ended 30 September 2020	Audited Year ended 31 March 2021
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	70 425	14 699	267 579
Ordinary shares in issue (for accounting purposes)	257 826 016	257 826 016	257 826 016
Weighted average number of ordinary shares	257 826 016	257 826 016	257 826 016
Diluted weighted average number of ordinary shares	257 826 016	257 826 016	257 826 016
Headline earnings (R'000)	70 425	14 699	97 762
Basic earnings per share (cents)	27,31	5,70	103,78
Diluted earnings per share (cents)	27,31	5,70	103,78
Basic headline earnings per share (cents)	27,31	5,70	37,92
Diluted headline earnings per share (cents)	27,31	5,70	37,92
Headline earnings reconciliation			
Basic earnings (profit after tax) (R'000)	70 425	14 699	267 579
Gains and losses from the adjustment to the fair value of non-current assets (R'000)	–	–	(169 817)
Headline earnings (R'000)	70 425	14 699	97 762

13. Distributable earnings

	Unaudited Six months ended 30 September 2021 R'000	Unaudited Six months ended 30 September 2020 R'000	Audited Year ended 31 March 2021 R'000
Revenue (including recoveries and other income, excluding sale of apartments)	198 685	155 921	344 033
Less: Lease smoothing effect	(7 460)	(5 952)	(16 759)
Less: Expenses	(80 966)	(57 125)	(116 993)
Less: Net interest	(46 954)	(46 558)	(93 236)
Interest income	2 037	2 158	4 426
Interest expense	(48 991)	(48 716)	(97 662)
Plus: Transaction costs expensed	–	1 930	1 930
Distributable earnings	63 305	48 216	118 975
Number of shares*	257 826 016	257 826 016	257 826 016
Distributable income per share (cents)	25	19	46
Distribution per share declared (cents)	25	17	42
Percentage of distributable income declared	100%	90%	91%

* Shares exclude 53 million Safari shares held by Southern Palace. Safari holds these shares as security and receives all distributions paid to these shares. The shares are effectively seen as treasury shares.

14. NAV per share

	Unaudited Six months ended 30 September 2021 R'000	Unaudited Six months ended 30 September 2020 R'000	Audited Year ended 31 March 2021 R'000
Total assets	3 559 827	3 377 783	3 554 149
Total liabilities	(1 404 669)	(1 437 643)	(1 404 959)
Reported NAV	2 155 158	1 940 140	2 149 190
Ordinary shares in issue*	257 826 016	257 826 016	257 826 016
NAV per share (cents)	836	753	834
Tangible NAV (cents)	836	753	834
Reported NAV adjusted for:			
Dividend declared	(64 457)	(43 830)	(64 457)
Fair value of derivative financial instruments	28 603	58 175	38 415
Deferred tax	(3 141)	(70)	(10 677)
SA REIT NAV	2 116 163	1 954 415	2 112 471
Number of shares outstanding at the end of the period	257 826 016	257 826 016	257 826 016
SA REIT NAV (Rand per share)	8,21	7,58	8,19

* Shares exclude 53 million Safari shares held by Southern Palace. Safari holds these shares as security and receives all distributions paid to these shares. The shares are effectively seen as treasury shares.

15. Related parties

Subsidiary: Safari Investments Namibia Proprietary Limited (100% owned).

Common directorship: Wealthgate Investments 45 Proprietary Limited (September 2020: Mr CR Roberts).

	Unaudited Six months ended 30 September 2021 R'000	Unaudited Six months ended 30 September 2020 R'000	Audited Year ended 31 March 2021 R'000
Wealthgate Investments 45 Proprietary Limited		725	1 455

Services provided by related party

Safari is a lessee of Wealthgate Investments 45 Proprietary Limited in respect of its corporate head office premises in Pretoria. Directorship was terminated on 17 September 2020, therefore the related party relationship is only relevant to the prior reporting period.

16. Restatement and reclassification of comparatives

Proceeds from shareholders' loans was incorrectly classified as a financing cash flow in the prior period.

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 used in investing activities	(2 696)	(2 217)
Net cash from financing activities	17 546	17 067

17. Other income

Other income includes interim insurance payments of R12 782 609 received on the Company's claim for losses during the July 2021 unrest.

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the period ended 30 September 2021

	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 2021								
Turnover (external)	66 393	46 829	29 269	9 538	15 195	32 278	2 268	201 770
Reportable segment profit before investment revenue, fair value adjustments and finance costs	53 120	34 649	19 332	6 735	10 887	5 465	–	130 188
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	(14 720)	(14 720)
Profit before investment revenue, fair value adjustments and finance costs	53 120	34 649	19 332	6 735	10 887	5 465	(14 720)	115 468
Segment assets and liabilities								–
Segment assets	1 144 982	893 208	565 973	205 657	244 591	360 784		3 415 195
Unallocated assets	–	–	–	–	–	–	144 632	144 632
Total assets	1 144 982	893 208	565 973	205 657	244 591	360 784	144 632	3 559 827
Segment liabilities	7 910	4 377	7 272	1 087	1 788	3 133		25 567
Unallocated liabilities	–	–	–	–	–	–	53 117	53 117
Interest-bearing borrowings	–	–	–	–	–	–	1 325 985	1 325 985
Total liabilities	7 910	4 377	7 272	1 087	1 788	3 133	1 379 102	1 404 669
Other segment items								
Interest revenue (external)	88	29	12	–	8	30	–	167
Unallocated interest revenue	–	–	–	–	–	–	1 870	1 870
Investment revenue	88	29	12	–	8	30	1 870	2 037
Fair value adjustments	–	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	15	–	48 976	48 991
Finance costs	–	–	–	–	15	–	48 976	48 991

The Company classifies the following main segments, which is consistent with the way the Company reports internally: Atteridgeville, Mamelodi, Sebokeng, Limpopo, Heidelberg and Namibia. Head office, Lynnwood and Soweto form part of the reconciliation. 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.

Entity-wide disclosure: The Company predominantly trades within South Africa, with the only foreign-held investment property being Namibia from which foreign rental income is generated. During the reporting period no single tenant's revenue exceeded 10% of the total rental income.

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the period ended 30 September 2020

Restated*	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 2020								
Turnover (external)	50 223	36 337	32 807	7 864	11 371	12 352	2 395	153 349
Reportable segment profit before investment revenue, fair value adjustments and finance costs	41 320	28 753	23 034	5 598	6 855	8 248	–	113 808
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	(15 012)	(15 012)
Profit before investment revenue, fair value adjustments and finance costs	41 320	28 753	23 034	5 598	6 855	8 248	(15 012)	98 796
Segment assets and liabilities								
Segment assets	1 057 722	800 541	564 749	163 339	228 271	405 113		3 219 735
Unallocated assets	–	–	–	–	–	–	158 048	158 048
Total assets	1 057 722	800 541	564 749	163 339	228 271	405 113	158 048	3 377 783
Segment liabilities	5 630	2 714	3 468	794	1 573	2 076		16 255
Unallocated liabilities	–	–	–	–	–	–	96 420	96 420
Interest-bearing borrowings	–	–	–	–	–	–	1 324 968	1 324 968
Total liabilities	5 630	2 714	3 468	794	1 573	2 076	1 421 388	1 437 643
Other segment items								
Interest revenue (external)	40	18	22	24	35	26	–	165
Unallocated interest revenue	–	–	–	–	–	–	1 993	1 993
Investment revenue	40	18	22	24	35	26	1 993	2 158
Fair value adjustments	–	–	–	–	–	–	–	–
Interest expense	–	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	18	–	48 698	48 716
Finance costs	–	–	–	–	–	–	48 698	48 716

* The total asset and liability for the comparative period ending 30 September 2020 remained unchanged but a reallocation occurred between segment asset and liability categories relating to prepaid expenses and VAT.

CONDENSED CONSOLIDATED SEGMENTAL REPORT

for the period ended 31 March 2021

Restated*	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
31 March 2021								
Turnover (external)	115 346	79 907	71 478	16 488	23 882	31 117	4 494	342 712
Reportable segment profit before investment revenue, fair value adjustments and finance costs	94 883	61 660	51 106	11 991	14 753	5 973	–	240 366
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	(25 135)	(25 135)
Profit before investment revenue, fair value adjustments and finance costs	94 883	61 660	51 106	11 991	14 753	5 973	(25 135)	215 231
Segment assets and liabilities								–
Segment assets	1 138 261	890 741	563 401	189 058	244 951	379 308		3 405 720
Unallocated assets	–	–	–	–	–	–	148 429	148 429
Total assets	1 138 261	890 741	563 401	189 058	244 951	379 308	148 429	3 554 149
Segment liabilities	9 580	4 069	5 503	795	2 090	2 190		24 227
Unallocated liabilities	–	–	–	–	–	–	60 281	60 281
Interest-bearing borrowings	–	–	–	–	–	–	1 320 451	1 320 451
Total liabilities	9 580	4 069	5 503	795	2 090	2 190	1 380 732	1 404 959
Other segment items								
Interest revenue (external)	184	96	75	28	106	85	–	574
Unallocated interest revenue	–	–	–	–	–	–	3 852	3 852
Investment revenue	184	96	75	28	106	85	3 852	4 426
Fair value adjustments	74 337	74 691	3 956	16 584	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

* The total asset for the comparative year ending 31 March 2021 remained unchanged but a reallocation occurred between segment asset categories relating to prepaid expenses.

INTERIM DIVIDEND DISTRIBUTION DECLARATION

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, the Safari Board has approved and declared a gross cash interim dividend distribution of 25 cents per ordinary share from income reserves for the period ended 30 September 2021 to be paid during December 2021. 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. Refer to note 13.

Salient dates and times

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

Declaration date	Friday, 19 November 2021
Last day to trade cum dividend	Monday, 6 December 2021
Trading ex-dividend commences	Wednesday, 8 December 2021
Record date	Friday, 10 December 2021
Date of payment	Monday, 13 December 2021

Shares may not be dematerialised or rematerialised between Wednesday, 8 December 2021 and Friday, 10 December 2021, 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 25 cents per share to be paid in December 2021 and a final cash dividend distribution to be declared after the financial year-end.

Tax implications

In accordance with Safari's status as a 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 required documentation to confirm their status as South African residents, they are advised to contact their Central Securities Depository Participant ("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 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 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. This includes 53 000 000 shares held by Southern Palace, effectively seen as treasury shares. For accounting purposes the shares in issue are 257 826 016.

ANNEXURE 1: SA REIT DISCLOSURE

The principles encompassed in the calculations in this annexure are aligned with the Best Practice Recommendations of the SA REIT Association.

SA REIT funds from operations ("FFO")

	Six months ended 30 September 2021 R'000	Six months ended 30 September 2020 R'000
Profit/(loss) for the period	70 425	14 699
Adjusted for:		
Accounting/specific adjustments		
Fair value adjustment to investment property	–	–
Deferred tax movement recognised in profit or loss	7 876	5 043
Straight-lining operating lease adjustment	(7 460)	(5 952)
Transaction costs expensed in accounting for a business combination	–	1 930
Adjustments arising from investment activities		
Loss on disposal of inventory (in relation to gross margin earned)	2 251	–
Foreign exchange and hedging items		
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(9 787)	32 496
SA REIT FFO	63 305	48 216
Number of shares outstanding at the end of the period	257 826 016	257 826 016
SA REIT FFO per share (cents)	25*	19

* Including the impact of July 2021 unrest while insurance claims are not yet concluded. If the impact of the riots is excluded the SA REIT FFO per share increases to 28 cents per share for the reporting period.

SA REIT cost-to-income ratio

	Six months ended 30 September 2021 R'000	Six months ended 30 September 2020 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses and administrative expenses)	80 966	57 125
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(147)	(115)
Operating costs	80 819	57 010
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	175 490	147 397
Gross rental income	175 490	147 397
SA REIT cost-to-income ratio	46%*	39%

* Including the impact of July 2021 unrest while insurance claims are not yet concluded. If costs to repair riot related damage are excluded, the SA REIT cost-to-income decreases to 37% for the reporting period.

SA REIT administrative cost-to-income ratio

	Six months ended 30 September 2021 R'000	Six months ended 30 September 2020 R'000
Expenses		
Administrative expenses as per IFRS income statement	16 988	17 408
Administrative costs	16 988	17 408
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	175 490	147 397
Gross rental income	175 490	147 397
SA REIT administrative cost-to-income ratio	10%	12%

SA REIT gross lettable area ("GLA") vacancy rate

	Six months ended 30 September 2021	Six months ended 30 September 2020
GLA of vacant areas (m²)	3 458	5 331
GLA of property portfolio (m²)	175 404	175 149
SA REIT GLA vacancy rate	1,97%	3%

SA REIT cost of debt

Six months ended 30 September 2021	Three-month JIBAR- linked loans %	Prime- linked loans %	Weighted combined SA REIT cost of debt %
Variable interest rate borrowings			
Floating reference rate plus weighted average margin	5,90	5,85	5,89
Fixed interest rate borrowings			
Weighted average fixed rate	—	—	—
Pre-adjusted weighted average cost of debt	5,90	5,85	5,89
<i>Adjustments:</i>			
Impact of interest rate derivatives	1,63	0,74	1,48
Amortised transaction costs imputed into the effective interest rate	0,03	0,86	0,17
All-in weighted average cost of debt	7,55	7,45	7,54

SA REIT cost of debt continued

Six months ended 30 September 2020	Three-month JIBAR- linked loans %	Prime- linked loans %	Weighted combined SA REIT cost of debt %
Variable interest rate borrowings			
Floating reference rate plus weighted average margin	5,32	5,94	5,58
Fixed interest rate borrowings			
Weighted average fixed rate	–	–	–
Pre-adjusted weighted average cost of debt	5,32	5,94	5,58
<i>Adjustments:</i>			
Impact of interest rate derivatives	2,60	0,75	1,80
Amortised transaction costs imputed into the effective interest rate	0,15	0,05	0,11
All-in weighted average cost of debt	8,07	6,73	7,49

SA REIT loan-to-value (“LTV”)

	Six months ended 30 September 2021 R'000	Six months ended 30 September 2020 R'000
Gross debt	1 325 985	1 324 968
<i>Less:</i>		
Cash and cash equivalents (including short-term deposits)	(6 965)	(4 922)
<i>Add:</i>		
Derivative financial instruments	28 603	58 175
Net debt	1 347 623	1 378 221
Total assets – per statement of financial position	3 559 827	3 377 783
<i>Less:</i>		
Cash and cash equivalents (including short-term deposits)	(6 965)	(4 922)
Derivative financial assets	–	–
Trade and other receivables	(64 692)	(67 181)
Carrying amount of property-related assets	3 488 170	3 305 680
SA REIT LTV	39%	42%

SA REIT NAV per share

	Six months ended 30 September 2021 R'000	Six months ended 30 September 2020 R'000
Reported NAV	2 155 158	1 940 140
Adjusted for:		
Dividend declared	(64 457)	(43 830)
Fair value of derivative financial instruments	28 603	58 175
Deferred tax	(3 141)	(70)
SA REIT NAV	2 116 163	1 954 415
Number of shares outstanding at the end of the period	257 826 016	257 826 016
SA REIT NAV (Rand per share)	8,21	7,58

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

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

Auditor

BDO South Africa Incorporated

Wanderers Office Park
 52 Corlett Drive, Illovo, Johannesburg 2196

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 0081
 Postal: As above

Directors

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

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 adviser

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
 Private Bag X9000, Saxonwold 2132



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

✉ info@safari-investments.com

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

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