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 2022, DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING

The condensed financial results for the year ended 31 March 2022 were prepared under the supervision of the Chief Financial Officer, WL Venter (CA (SA)).

2022 Performance Overview

- Income producing properties: 9
- 1,9% vacancy rate
- R171/m² monthly weighted average gross rental/m² for retail sector
- R81/m² monthly weighted average gross rental/m² for living sector
- R165/m² monthly weighted average gross rental/m² for office sector
- 99% retail sector spread
- 87% (rentable area) national tenants
- 175 512m² total rentable area m² of property portfolio
- R3.54 billion property portfolio value
- Distribution per share of 57 cents (2021: 42 cents)

Property portfolio as at 31 March 2022

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
Victorian Village	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail
Platz am Meer	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	Retail
Thornhill	Cnr Veldspaat Street and Munnik Avenue, Polokwane	Retail
Nkomo Village	Cnr Lengau, Tlou, 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 Rodericks Road, Lynnwood, Pretoria	
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Street)	
Inventory	**Location**	**Property type**
15 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	657 700	31 238	<1
Mnandi	Gauteng	157 000	8 717	<1
Denlyn	Gauteng	895 700	34 670	0
Thabong	Gauteng	620 504	34 650	<1
Victorian Village	Gauteng	202 900	12 013	5
Platz am Meer	Erongo, Namibia	223 100	21 179	8
Thornhill	Polokwane	233 500	12 390	<1
Nkomo Village	Gauteng	408 600	19 275	3
Private day hospital				
Soweto	Gauteng	18 900	1 380	n/a
Total			**175 512**	
Stands for development		**Market value as attributed by independent valuer R'000**	**m²**	**Vacancy %**
Sebokeng	Gauteng	1 896	2 200	n/a
Lynnwood	Gauteng	32 100	13 133	n/a
Swakopmund	Erongo, Namibia	31 762	8 377	n/a
Inventory		**Market value as attributed by independent valuer R'000**		
15 Luxury apartments	Erongo, Namibia	60 026		
Total		**3 543 688**		

Name	Weighted Average gross rental/m²	Zoning	Freehold/ leasehold	Approximate age of building years
Shopping centres				
Atlyn	188	Special – various	Freehold	14
Mnandi	132	Special – various	Freehold	6
Denlyn	224	Special – various	Freehold	17
Thabong	172	Special – various	Freehold	13
Victorian Village	120	Special – various	Freehold	22

Platz am Meer	100	Special – various	Freehold	6
Thornhill	212	Special – various	Freehold	13
Nkomo Village	149	Special – various	Freehold	3.5
Stands for development				
Sebokeng	n/a	Special – various	Freehold	
Lynnwood	n/a	Special – various	Freehold	
Swakopmund	n/a	Special – various	Freehold	
Inventory				
15 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

On 31 May 2021, Safari published a circular on SENS notifying shareholders of a General Meeting to be held on 30 June 2021 proposing approval of Non-executive Directors' remuneration for the period 1 April 2020 ‑ 31 March 2022 and the adoption of a Long-term Incentive Plan. Both resolutions were passed with the requisite majority voting in favor.

The Group entered into new facility agreements with its current lender, Absa Bank, to refinance all near-term debt maturities. 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.

On 14 June 2021, the investment committee ("Investment Committee") approved the development of a filling station at Mnandi Shopping Centre of approximately R13 million.

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 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 Chairperson of the Board and Chairperson of the Investment Committee. Mr Herring is the Non-executive Chairperson of Heriot REIT Limited ("Heriot"), a JSE-listed REIT with a portfolio primarily in the industrial and retail sectors. Former Chairperson, Mr Greg Heron, remains an Independent Non-executive Director of Safari. Dr Tumeka Matshoba-Ramuedzisi continues in her role as the Lead Independent Non-executive Director.

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

- The expansion of the Nkomo Village Shopping Centre amounting to R54 102 724.
- The addition of Shoprite as a fourth anchor tenant and the overall improvement of the tenant mix at the Thabong Shopping Centre in Sebokeng amounting to R17 070 993.

As part of the Group'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 Mr Martin Basson as Chief Operating Officer was approved by the Board. Mr Basson, however, does not hold a board position. The role includes oversight of the asset management, property management and project management functions.

During November 2021, the Board approved an interim cash distribution of 25 cents per ordinary share that was paid to shareholders during December 2021.

Events subsequent to the financial period

Shareholders are referred to the firm intention announcement released on SENS by Heriot on Friday, 3 June 2022 in relation to Heriot's firm intention to make a general offer to the holders of issued ordinary shares of Safari and the subsequent cautionary announcement released on SENS on Monday, 6 June 2022 and the further SENS announcement released on Tuesday, 7 June 2022 setting out Safari's initial response to the firm intention announcement by Heriot. As at the date when this report was approved, no further SENS announcements were published in this regard and shareholders are advised to continue to monitor SENS announcements.

At the Board meeting held on 22 June 2022 the Board approved the following:

- A final cash distribution of 32 cents per Safari share which will be paid to shareholders during July 2022.
- The refurbishment project of the Denlyn shopping Centre amounting to R34 056 053.
- The initial capital budget for the Nkomo Village Shopping Centre expansion amounting to R54 102 724 was adjusted to R63 344 187 to accommodate boreholes and a back up water system .During June 2022 Safari successfully concluded a facility agreement with a new lender, Standard Bank of SA Limited. This new R200 million facility will refinance the maturing R150 million ABSA facility and also be used in Safari's growth strategy.

Financial results and activities

The operating results and state of affairs of the Group are fully set out in the annual financial statements.

The Group recorded an operating profit, before investment revenue, fair value adjustments and finance costs for the year ended 31 March 2022, of R245 144 350 (2021: R215 230 760).

The Group's property revenue, excluding the sale of apartments, increased by 14% to R365 478 373 compared to prior year property revenue of R320 898 551. The weighted average gross rental per m² of the portfolio improved to R171/m². Property expenses as a percentage of property revenue is at 26% (2021: 27%).

The Group's gearing (SA-REIT loan-to-value) ratio decreased from 39% to 37%.

Valuation of the Group's property portfolio increased to a total of R3.54 billion (FY2021: R3.46 billion). Refer to note 4 of the annual financial statements for detailed disclosure of the fair value of investment property. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's maintained low vacancy rate of 1.9%, the 87% national tenants' occupation level and a healthy lease expiry profile together with some strategic tenant replacements. The Group has recorded a SA-REIT net asset value per share of R8.55 (2021: R8.19).

Dividends

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. During 2022, Safari declared a total distribution of R128 913 008 being the final distribution of the 2021 financial year of 25 cents per share and the interim distribution of the 2022 financial year of 25 cents per share (2021: R100 552 146).

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 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. 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 7.D.11 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 19 August 2021 as external auditor for the Group. For the 2022 financial year, Mr Paul Badrick was the designated audit partner for the Safari Group.

Condensed consolidated statement of financial position as at 31 March 2022

	2022 R'000	2021 R'000
Assets		
Non-current assets		
Property, plant and equipment	738	920
Right-of-use assets	4 976	5 955
Investment property	3 212 687	3 245 810
Fair value of investment property	3 307 763	3 353 762
Straight-line lease adjustment	(95 076)	(107 952)
Loans to shareholders	40 436	43 077
Investment in joint ventures	1 500	-
Straight-lining lease asset	94 435	104 591
Deferred tax asset	22 284	20 038
	3 377 056	**3 420 391**
Current assets		
Inventories	60 026	106 000
Loans to shareholders	7 059	6 262
Trade and other receivables	18 740	13 050
Straight-lining lease asset	641	3 361
Cash and cash equivalents	7 131	5 085
	93 597	**133 758**
Investment property held-for-sale	175 900	**-**
Total assets	**3 646 553**	**3 554 149**
Equity and liabilities		
Equity and reserves		
Stated capital	1 606 452	1 606 452
Retained income	667 560	542 738
Share-based payment reserve	465	**-**
Total equity and reserves	**2 274 477**	**2 149 190**
Liabilities		
Non-current liabilities		
Interest-bearing borrowings	1 248 844	516 065
Derivatives	10 735	35 540
Lease liabilities	5 525	6 332
Deferred tax	20 095	9 361
	1 285 199	**567 298**
Current liabilities		
Trade and other payables	30 074	29 756
Interest-bearing borrowings	52 655	804 386

Derivatives	3 341	2 875
Lease liabilities	807	644
	86 877	**837 661**
Total liabilities	**1 372 076**	**1 404 959**
Total equity and liabilities	**3 646 553**	**3 554 149**

Condensed statement of profit or loss and other comprehensive income for the year ended 31 March 2022

	2022 R'000	**2021 R'000**
Revenue	416 068	342 712
Property revenue	365 478	320 898
Straight-line lease adjustment	9 160	16 759
Revenue from sale of inventory	41 430	5 055
Other income	34 581	6 376
Cost of inventory sold	(45 204)	(5 356)
Impairment of inventory	(2 511)	(11 508)
Operating expenses	(157 790)	(116 993)
Operating profit	**245 144**	**215 231**
Investment income	4 161	4 426
Fair value adjustments	88 038	153 058
Finance costs	(98 264)	(97 662)
Fair value profit / (loss) on hedging instruments	23 902	(12 835)
Profit before taxation	**262 981**	**262 218**
Taxation	(9 246)	5 361
Profit for the year	**253 735**	**267 579**
Other comprehensive income	–	–
Total comprehensive income for the year	**253 735**	**267 579**
Basic earnings per share (cents)	98,41	103,78
Diluted earnings per share (cents)	98,37	103,78

Condensed consolidated statement of changes in equity for the year ended 31 March 2022

	Stated capital R'000	**Share-based payment reserve R'000**	**Retained income R'000**	**Total equity R'000**
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 the Group recognised directly in equity	–	–	**(100 552)**	**(100 552)**

Balance as at 1 April 2021	**1 606 452**	–	**542 738**	**2 149 190**
Profit for the year	–	–	253 735	253 735
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	**–**	–	**253 735**	**253 735**
Long term incentive plan	–	465	–	465
REIT distribution paid	–	–	(128 913)	(128 913)
Total contributions by and distributions to owners of the Group recognised directly in equity	**–**	**465**	**(128 913)**	**(128 448)**
Balance as at 31 March 2022	**1 606 452**	**465**	**667 560**	**2 274 477**

Condensed consolidated statement of cash flows for the year ended 31 March 2022

	2022 R'000	**2021 R'000**
Cash flows from operating activities		
Cash generated from operations	279 917	213 595
Investment income received	4 171	4 646
Finance costs paid	(99 991)	(98 424)
REIT distribution paid	(128 913)	(100 552)
Tax paid	(757)	(288)
Net cash generated from operating activities	**54 427**	**18 977**
Cash flows from investing activities		
Purchase of property, plant and equipment	(122)	(258)
Development of investment property	(32 702)	(34 553)
Investment in joint venture	(1 500)	**–**
Proceeds from shareholders' loan	1 833	321
Net cash (used in) investing activities	**(32 491)**	**(34 490)**
Cash flows from financing activities		
Payment of share-based payment liability	**–**	(220 417)
Proceeds from interest-bearing borrowings	1 151 308	946 259
Repayment of interest-bearing borrowings	(1 170 554)	(710 847)
Payment lease liabilities	(644)	(502)
Net cash (used in) / from financing activities	**(19 890)**	**14 493**
Total cash movement for the year	**2 046**	**(1 020)**
Cash at the beginning of the year	5 085	6 105
Total cash and cash equivalents at the end of the year	**7 131**	**5 085**

Segmental reporting 2022

The Group classifies the following as the main reporting segments, which is consistent with the way the Group reports internally: Atteridgeville, Mamelodi, Sebokeng, Limpopo, Heidelberg and Namibia. Head office, Lynnwood and Soweto.

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 2022				
Turnover (external)	130 144	96 574	63 578	21 128
Reportable segment profit before investment revenue, fair value adjustments and finance costs	103 612	72 389	49 178	15 291
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–
Profit before investment revenue, fair value adjustments and finance costs	**103 612**	**72 389**	**49 178**	**15 291**
Segment assets and liabilities				
Segment assets	1 231 157	898 415	624 673	203 017
Unallocated assets	–	–	–	–
Total assets	**1 231 157**	**898 415**	**624 673**	**203 017**
Segment liabilities	11 224	3 559	5 632	958
Unallocated liabilities	–	–	–	–
Interest-bearing borrowings	–	–	–	–
Total liabilities	**11 224**	**3 559**	**5 632**	**958**
Other segment items				
Interest revenue (external)	192	85	47	2
Unallocated interest revenue	–	–	–	–
Investment revenue	**192**	**85**	**47**	**2**
Fair value adjustments	**89 129**	**4 752**	**61 167**	**(15 921)**
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 2022				
Turnover (external)	31 286	68 749	4 611	416 068
Reportable segment profit before investment revenue, fair value adjustments and finance costs	20 959	10 620	–	272 050
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	(26 906)	(26 906)
Profit before investment revenue, fair value adjustments and finance costs	**20 959**	**10 620**	**(26 906)**	**245 144**
Segment assets and liabilities				
Segment assets	233 952	317 092	–	3 508 306

Unallocated assets	–	–	138 247	138 247
Total assets	**233 952**	**317 092**	**138 247**	**3 646 553**
Segment liabilities	2 347	684	5 669	30 074
Unallocated liabilities	–	–	40 503	40 503
Interest-bearing borrowings	–	–	1 301 499	1 301 499
Total liabilities	**2 347**	**684**	**1 347 671**	**1 372 076**
Other segment items				
Interest revenue (external)	18	66	–	411
Unallocated interest revenue	–	–	3 750	3 750
Investment revenue	**18**	**66**	**3 750**	**4 161**
Fair value adjustments	**(9 479)**	**(16 395)**	**(16 056)**	**97 198**
Interest expense	31	–	–	31
Unallocated interest expense	–	–	98 232	98 232
Finance costs	**31**	**–**	**98 232**	**98 264**

	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**

Earnings per share for the year ended 31 March 2022

	2022	**2021**
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	253 735	267 579
Number of ordinary shares in issue (for accounting purposes)	257 826 016	257 826 016
Weighted average number of ordinary shares	257 826 016	257 826 016
Add: weighted potential dilutive impact of Long-term Incentive Plan	102 774	–
Diluted weighted average number of ordinary shares	257 928 790	257 826 016
Headline earnings (R'000)	165 697	97 762

Basic earnings per share (cents)	98,41	103,78
Diluted earnings per share (cents)	98,37	103,78
Basic headline earnings per share (cents)	64,27	37,92
Diluted headline earnings per share (cents)	64,24	37,92
Headline earnings reconciliation		
Basic earnings (profit after tax) (R'000)	253 735	267 579
Gains and losses from the adjustment to fair value of non-current assets (R'000)	(88 038)	(169 817)
Headline earnings (R'000)	**165 697**	**97 762**

Net asset value per share

	2022	**2021**
Total assets (R'000)	3 646 553	3 554 149
Total liabilities (R'000)	(1 372 076)	(1 404 959)
Reported NAV (R'000)	**2 274 477**	**2 149 190**
Ordinary shares in issue	257 826 016 *	257 826 016
Net asset value per share (Rand per share)	8,82	8,34
Tangible net asset value (Rand per share)	8,82	8,34
Reported NAV adjusted for:		
Dividend declared (R'000)	(82 504)	(64 457)
Fair value of derivative financial instruments (R'000)	14 076	38 415
Deferred tax (R'000)	(2 190)	(10 677)
SA REIT NAV (R'000)	**2 203 859**	**2 112 471**
Ordinary shares in issue	257 826 016 *	257 826 016
SA REIT NAV (Rand per share)	**8,55**	**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.*

REIT distribution paid

	2022 R'000	**2021 R'000**
Prior year final distribution 25 cents per share (2021: 22 cents per share)	(64 457)	(56 722)
Interim distribution 25 cents per share (2021: 17 cents per share)	(64 456)	(43 830)
	(128 913)	**(100 552)**

Distributable earnings

	2022 R'000	**2021 R'000**
Revenue (including recoveries)	409 219	344 033
Less: Lease-smoothing effect	(9 160)	(16 759)
Less: Expenses	(157 790)	(116 993)
Less: Net interest	(94 103)	(93 236)

Interest income	4 161	4 426
Interest expense	(98 264)	(97 662)
Transaction cost expensed	-	1 930 *
Distributable earnings	**148 166**	**118 975**
Interim distribution paid	(64 457)	(43 830)
Interim distribution per share (cents)	25	17
Available for distribution at year end	83 709	75 145
Actual number of shares excluding 53 million Safari shares held by Southern Palace	257 826 016	257 826 016
Final distributable income per share (cents) available	32	29
Percentage of distributable income distributed for the financial year	100%	91%
Final distribution per share (cents)	**32**	**25**

**Transaction cost added back mostly relates to corporate action expenses incurred during the 2021 financial year as disclosed in SENS announcements.*

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 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 2022:

1. It is the Group’s policy to have the investment property portfolio valued on an annual basis by an independent valuer. The effective date of the valuations was 31 March 2022. The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totaling R3 417 903 900 (2021: R3 282 149 000) was based on the discounted cash flow method.

The valuation of investment property (Lynnwood and other vacant stands/remaining bulk), totaling R65 758 500 (2021: R71 613 354) was based on the direct comparable method, plus development cost. This method was used as aforementioned portions are not yet generating cash flow.

These valuations are considered to be Level 3 on the fair value hierarchy as per IFRS 13. There have been no movements of inputs between fair value hierarchy levels nor have there been any changes in the methods of valuation as mentioned above.

If the valuer were to increase both the terminal capitalisation and discount rates by 0.50%, the total valuation would decrease by R169 305 126 for the Group. If the valuer were to decrease both the terminal capitalisation and discount rates by 0.50%, the total valuation would increase by R188 977 176 for the Group. If the valuer were to increase the long-term vacancy provision by 1.00%, the total valuation would decrease by R51 988 200 for the Group. If the valuer were to decrease the long-term vacancy provision by 1.00% the total valuation would increase by R22 825 900 for the Group.

The board resolved to dispose of the Group’s non-core assets and negotiations with several interested parties have subsequently taken place. The disposal is consistent with the Group’s long-term policy to focus on higher yielding retail opportunities as well as to optimize capital allocation. The Soweto Day Hospital and Mnandi Shopping Centre, which are expected to be sold within 12 months, have been classified as a disposal group held-for-sale.

2. The average annualised property yield for the income-generating property portfolio based on market values as at 1 April 2021 is 8.21% for the 2022 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. There remain 15 luxury upmarket apartments in the portfolio as at 31 March 2022, including some units sold but not yet transferred at year end.

4. Trade and other receivables consists of mainly amounts due from customers mainly relating to rental income and tenant recoveries. They are generally due for settlement within 30 days and therefore are classified as current. 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.

5. 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.

- Facility A (Repaid): R300 000 000 - quarterly repayments of interest only at the three-month JIBAR rate plus 1.75% with the facility fully repaid in February 2022.
- Facility B: R200 000 000 - quarterly repayments of interest only at the three-month JIBAR rate plus 1.95% with the capital due upon maturity in January 2024.
- Facilities C and D (Repaid): R500 000 000 - monthly repayments of interest only at the prime bank overdraft rate less 1.05%, at year-end with capital due on both facilities upon maturity in August 2021.
- 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: 7.75% (2021: 7%) at year-end with the capital due upon maturity in August 2022.
- Facility H: R300 000 000 - quarterly repayments of interest only at the three-month JIBAR rate plus 2.05% with the capital due upon 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 upon maturity in June 2024.
- Facility J: R250 000 000- quarterly repayments of interest only at the three- month JIBAR rate plus 2.5% with the capital due upon maturity in June 2025.
- Total facilities: R1 400 000 000 (2021: R1 400 000 000).

6. After the impact of COVID-19 on the 2021 financial year property revenue, property revenue has recovered during the reporting period and increased to R365 478 373 compared to R320 898 551 in the prior year.

7. Property expenses as a percentage of property revenue improved to 26% compared to 27% in the prior year. Stringent budgeting and continuous monitoring of expenses remain a focus area for management.

8. 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.

Financial statements

The 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. Key audit matters are those matters that, in their professional judgement, were of most significance in their audit of the consolidated financial statements for the current period.

The condensed consolidated financial statements are extracted from the audited financial information but are not themselves audited. Information included under the headings "2022 Performance overview" and "Board commentary" 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 annual financial statements were approved by the Board of Directors on 22 June 2022.

New standards, interpretations and amendments

The accounting policies of the Group have been applied consistently to the policies as presented in the financial statements for the year ended 31 March 2021 save for the adoption of amended standards as set out below:

- IAS 16 Property, Plant and Equipment, Amendments to IAS 16 - Proceeds before Intended Use: The Group's adoption of the amendment during the current financial period did not have any impact on the amounts recognised in the Group's current and prior periods.

- IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract: The Group's adoption of the amendment during the current financial period did not have any impact on the amounts recognised in the Group's current and prior periods.

Board commentary

Profile

Safari with a total asset base of R3.65 billion, is a retail-focused REIT listed on the Johannesburg Stock Exchange Limited 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. These include (rentable area):

- Denlyn (34,670 m²) in Mamelodi
- Atlyn (31,238m²), Nkomo Village (19,275 m²) and Mnandi (8,717 m²) in Atteridgeville
- Thabong (34,650 m²) in Sebokeng
- Victorian Village (12,013m²) in Heidelberg
- Platz am Meer (12,179m²) in Swakopmund
- Thornhill (12,390 m²) in Polokwane

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 99% retail based.

The luxury apartments that form part of Platz am Meer in Swakopmund are currently being marketed on an open mandate. There remain 15 luxury upmarket apartments in the portfolio as at 31 March 2022, including some units sold but not yet transferred at year end.

Letting activity

Safari's vacancy factor in its portfolio as at 31 March 2022 was 1.9% (2021: 2.4%) of the total income-generating retail space which consisted of 87% (2021: 87%) national tenants.

Prospects

Opportunities to enhance capital efficiency are actively pursued by the Board of Safari as the Group is positioning its business for growth. Improving the size and quality of leased properties is a key priority as refurbishments and redevelopments are being planned.

Dividend declaration

Shareholders are advised that the directors of Safari have approved and declared a final gross cash distribution of 32 cents per share for the period ended 31 March 2022 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, 29 June 2022
Last day to trade cum dividend distribution	Tuesday, 19 July 2022
Trading ex-dividend commences	Wednesday, 20 July 2022
Record date	Friday, 22 July 2022
Payment date	Monday, 25 July 2022

Notes:

Shares may not be dematerialised or rematerialised between commencement of trade on Wednesday, 20 July 2022 and the close of trade on Friday, 22 July 2022, 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 25.6 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 Wednesday, 17 August 2022 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, 12 August 2022, with the last day to trade being Monday, 8 August 2022.

By order of the Board
29 June 2022

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,
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
The Corner Office, 410 Lynnwood Road, Lynnwood, Pretoria, 0081
Postal: As above

Directors of Safari Investments RSA Limited
SB Herring (Chairperson)
Dr MT Matshoba-Ramuedzisi (Lead Independent Non-executive)
DC Engelbrecht (Chief Executive Officer)
GJ Heron (Independent Non-executive)
MH Muller (Independent Non-executive)
Dr PA Pienaar (Independent Non-executive)
WL Venter (Chief Financial Officer)

Independent valuer
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Sponsor
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Transfer secretaries
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