

**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")

**ABRIDGED SUMMARISED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023, DIVIDEND DECLARATION AND NOTICE OF ANNUAL GENERAL MEETING**

The condensed financial results for the year ended 31 March 2023 were prepared under the supervision of the Chief Financial Officer, WL Venter (CA (SA)).

**2023 Performance Overview**

- R3.75 billion property portfolio value
- 178 460m<sup>2</sup> total rentable area of retail properties
- +3.6% rental reversion
- 3,25% vacancy rate of retail portfolio
- 99% retail sector spread
- 87% national tenants (based on rentable area)
- R158/m<sup>2</sup> monthly weighted average gross rental/m<sup>2</sup> for retail sector
- R9,15 SA REIT net asset value per share
- Distribution per share of 65 cents (2022: 57 cents)

**Property portfolio as at 31 March 2023**

<b>Name</b>	<b>Location</b>	<b>Property type</b>
<b>Shopping centres</b>		
Atlyn	Cnr Phudufufu and Khoza Streets, 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
Thornhill	Cnr Veldspaat Street and Munnik Avenue, Polokwane	Retail
Nkomo Village	Cnr Lengau, Tlou, Lepogo and Church Streets, Atteridgeville	Retail
Platz am Meer	Swakopmund, Namibia (cnr Albatros and Tsavorite)	Retail
<b>Stands for development</b>		
Sebokeng	Erf 77666 Moshoeshoe Street, Sebokeng	
Lynnwood	Cnr Lynnwood and Rodericks Road, Lynnwood, Pretoria	
Swakopmund	Erf 14,15,16, Swakopmund, Namibia (cnr Albatros and Tsavorite)	
<b>Property held for sale</b>		
Soweto day hospital	R558, Protea Glen, Soweto	Healthcare
Mnandi	Maunde Street, Atteridgeville	Retail
<b>Residential units held for sale</b>		
Platz am Meer	Albatros Street, Swakopmund, Namibia	Residential

Name	Region	Market value as attributed by independent valuer R'000	Rentable area/m2	Vacancy %
<b>Shopping centres</b>				
Atlyn	Gauteng	696 000	31 238	0
Denlyn	Gauteng	960 000	34 870	<1
Thabong	Gauteng	650 000	34 661	1
Victorian Village	Gauteng	215 000	11 967	4
Thornhill	Polokwane	238 000	12 390	<1
Nkomo Village	Gauteng	492 000	23 114	<1
Platz am Meer	Erongo, Namibia	231 000	21 503	17

#### Stands for development

Sebokeng	Gauteng	1 800	2 200	n/a
Lynnwood	Gauteng	34 000	13 133	n/a
Swakopmund	Erongo, Namibia	18 000	5 031	n/a

#### Property held for sale

Soweto day hospital	Gauteng	18 900	1 380	n/a
Mnandi	Gauteng	166 000	8 717	13

#### Residential units held for sale

Platz am Meer	Erongo	28 000	n/a	n/a
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Name	Weighted Average gross rental/m <sup>2</sup>	Zoning	Freehold/ leasehold	Approximate age of building years
<b>Shopping centres</b>				
Atlyn	169	Special – various	Freehold	15
Denlyn	206	Special – various	Freehold	18
Thabong	149	Special – various	Freehold	14
Victorian Village	129	Special – various	Freehold	23
Platz am Meer	100	Special – various	Freehold	7
Thornhill	146	Special – various	Freehold	14
Nkomo Village	154	Special – various	Freehold	4,5

### Stands for development

Sebokeng	n/a	Special – various	Freehold	n/a
Lynnwood	n/a	Special – various	Freehold	n/a
Swakopmund	n/a	Special – various	Freehold	n/a

### Property held for sale

Soweto day hospital	n/a	Special – various	Freehold	6,5
Mnandi	148	Special – various	Freehold	7

### Residential units for sale

Platz am Meer apartments	n/a	Special – various	Sectional Title	7
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### 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 the financial period

On 26 July 2022, Safari concluded and implemented a new facility agreement, in line with its growth and lender diversification strategy, for R200 million with Standard Bank of SA Limited. The new facility replaced a maturing R150 million facility with Absa. Salient terms of the new facility: Facility K of R200 000 000 with monthly repayments of interest at the prime interest rate, minus 1,5%, with the capital due on maturity in June 2025. As at 31 March 2023, R54 441 548 of this revolving credit facility has been utilised.

On 1 December 2022, Safari concluded and implemented another new facility agreement for R303 million with Standard Bank of SA Limited to replace a maturing R300 million facility with Absa. Salient terms of the new facility: Facility L of R303 000 000 with quarterly repayments of interest at the three-month JIBAR rate plus a margin of 1,51% for the first 12 months and a margin of 1,65% thereafter with the capital due upon maturity in November 2026.

Shareholders are referred to announcements released on SENS during the reporting period in relation to Heriot REIT's offer to the holders of issued ordinary shares of Safari. Announcements in this regard were released on: 3, 6 and 7 June 2022; 1 and 29 July 2022; 12 August 2022; 2 and 30 September 2022; and 22 November 2022.

On 22 June 2022, the Board approved a final cash distribution for the 2022 financial year of 32 cents per Safari share. The dividend was paid to shareholders in July 2022.

Shareholders are referred to the SENS announcement published on 29 June 2022 relating to the condensed audited annual financial results for the 2022 financial year, the dividend declaration, the release of the Integrated Annual Report and the notice of Annual General Meeting. At the Annual General Meeting held on 17 August 2022, all resolutions were passed.

In accordance with the JSE Listings Requirements, the Company's latest Broad-based Black Economic Empowerment Certificate was published on 23 September 2022, confirming Safari's status as a Level 5 contributor.

Shareholders are referred to the announcements released on SENS on 22 February 2023 and 1 March 2023 in relation to the repurchase of the Southern Palace shares held by Maitlantic 1038 Proprietary Limited. At the General Meeting held on 31 March 2023, a special resolution was passed to repurchase the Southern Palace shares.

An outstanding COVID-19-related insurance cover payment of R14 million including VAT (South African portfolio only) was received on 11 October 2022 when the legal process of the claim was concluded.

During the reporting period, the Board approved the following capital projects subject to certain conditions precedent:

- Refurbishment of Denlyn Shopping Centre at a cost of R44 million including the installation of a backup water system;
- Installation of a solar power system at Thabong Shopping Centre at a cost of R21,5 million, subject to the relevant application at Eskom being successful;
- Installation of a backup water system at Nkomo Village at a cost of approximately R10 million; and
- The addition of Shoprite and new line shops at Thabong Shopping Centre at a cost of R20,8 million.

On 15 November 2022, the Board approved an interim distribution for the 2023 financial year of 33 cents per Safari share. The interim dividend was paid to shareholders in December 2022.

## Events subsequent to the financial period

Announcements were released on SENS on 20 April 2023 and 26 April 2023 in relation to the finalisation of the repurchase of Safari shares held by Southern Palace ("the Repurchase Shares") confirming the fulfilment of all conditions precedent and the subsequent delisting and cancellation of the Repurchase Shares on 26 April 2023.

An announcement was released on SENS on 26 April 2023 in relation to Heriot Investments Proprietary Limited (and related parties) advising that it has acquired a beneficial interest in the securities of the Company, such that the total of the beneficial interests held by it amounts to 56,8% of the Company's total issued ordinary share capital.

An announcement was released on SENS on 1 June 2023 in relation to the change of the Company's 2024 financial year-end date.

At the Board meeting held on 21 June 2023, the Board approved a final cash distribution of 32 cents per Safari share which will be paid to shareholders during July 2023.

On 4 May 2023, a lease was entered into for the Soweto Day Hospital with a new tenant, Element WCH Proprietary Limited, with an option to purchase the property within 24 months at a price to be determined by an independent external JSE-accredited valuer. This property is classified as an investment property held for sale.

## 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 2023, of R282 847 324 (2022: R245 144 350).

The Group's property revenue, excluding the sale of apartments, increased by 7% to R392 562 316 compared to prior year property revenue of R365 478 373. The weighted average gross rental achieved per m<sup>2</sup> of the portfolio improved to R158/m<sup>2</sup>. The calculation excludes municipal recoveries contained in rental and is inclusive of vacant space at Rnil rental. Property expenses as a percentage of property revenue is at 27% (2022: 26%).

The Group's SA-REIT loan-to-value gearing ratio decreased from 37% to 35%.

Valuation of the Group's property portfolio increased to a total of R3.75 billion (FY2022: R3.54 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 low vacancy rate of 3.25%, 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 R9.15 (2022: R8.55).

## Dividends

In terms of REIT legislation, at least 75% of the distributable earnings must be distributed in every financial year. During 2023, Safari declared a total distribution of R167 586 910 being the final distribution of the 2022 financial year of 32 cents per share and the interim distribution of the 2023 financial year of 33 cents per share.

## 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 17 August 2022 as external auditor for the Group. For the 2023 financial year, Mr. Paul Badrick was the designated audit partner for the Safari Group.

## Condensed consolidated statement of financial position as at 31 March 2023

	2023 R'000	2022 R'000
<b>Assets</b>		

**Non-current assets**

Property, plant and equipment	603	738
Right-of-use assets	3 997	4 976
Investment property	3 429 996	3 212 687
Fair value of investment property	3 535 800	3 307 763
Straight-lining lease asset	(105 804)	(95 076)
Loans to shareholders	–	40 436
Investment in joint ventures	1 500	1 500
Derivatives	1 017	–
Straight-lining lease asset	105 507	94 435
Deferred tax asset	13 857	22 284
	<b>3 556 477</b>	<b>3 377 056</b>

**Current assets**

Inventories	29 869	60 026
Loans to shareholders	–	7 059
Trade and other receivables	23 126	18 740
Derivatives	1 615	–
Straight-lining lease asset	297	641
Cash and cash equivalents	10 914	7 131
	<b>65 821</b>	<b>93 597</b>

Investment property held-for-sale	184 900	175 900
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<b>Total assets</b>	<b>3 807 198</b>	<b>3 646 553</b>
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**Equity and liabilities****Equity and reserves**

Stated capital	1 604 616	1 606 452
Retained income	822 885	667 560
Share-based payment reserve	1 568	465
<b>Total equity and reserves</b>	<b>2 429 069</b>	<b>2 274 477</b>

**Liabilities****Non-current liabilities**

Interest-bearing borrowings	954 604	1 248 844
Derivatives	–	10 735
Lease liabilities	4 531	5 525
Deferred tax liability	27 106	20 095
	<b>986 241</b>	<b>1 285 199</b>

**Current liabilities**

Trade and other payables	31 968	30 074
Interest-bearing borrowings	358 926	52 655
Derivatives	–	3 341
Lease liabilities	994	807

	<b>391 888</b>	<b>86 877</b>
<b>Total liabilities</b>	<b>1 378 129</b>	<b>1 372 076</b>
<b>Total equity and liabilities</b>	<b>3 807 198</b>	<b>3 646 553</b>

**Condensed statement of profit or loss and other comprehensive income for the year ended 31 March 2023**

	<b>2023 R'000</b>	<b>2022 R'000</b>
<b>Revenue</b>	456 899	416 068
Property revenue	392 562	365 478
Straight-line lease adjustment	15 601	9 160
Revenue from sale of inventory	36 736	41 430
Revenue from sale of land	12 000	–
Other income	33 007	34 581
Cost of inventory sold	(39 524)	(45 204)
Cost of land sold	(13 026)	–
Impairment reversal / (impairment) of inventory	111	(2 511)
Operating expenses	(154 620)	(157 790)
<b>Operating profit</b>	<b>282 847</b>	<b>245 144</b>
Investment income	3 488	4 161
Fair value adjustments	144 677	88 038
Finance costs	(107 413)	(98 264)
Fair value profit on hedging instruments	15 481	23 902
<b>Profit before taxation</b>	<b>339 080</b>	<b>262 981</b>
Taxation	(16 168)	(9 246)
<b>Profit for the year</b>	<b>322 912</b>	<b>253 735</b>
Other comprehensive income	–	–
<b>Total comprehensive income for the year</b>	<b>322 912</b>	<b>253 735</b>
Basic earnings per share (cents)	125,40	98,41
Diluted earnings per share (cents)	125,22	98,37

**Condensed consolidated statement of changes in equity for the year ended 31 March 2023**

	<b>Stated capital R'000</b>	<b>Share-based payment reserve R'000</b>	<b>Retained income R'000</b>	<b>Total equity R'000</b>
<b>Balance as at 1 April 2021</b>	<b>1 606 452</b>	–	<b>547 738</b>	<b>2 149 190</b>
Profit for the year	–	–	253 735	253 735
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	–	<b>253 735</b>	<b>253 735</b>
Share-based payment expense	–	465	–	465
REIT distribution paid	–	–	(128 913)	(128 913)

<b>Total contributions by and distributions to owners of the Group recognised directly in equity</b>	–	465	<b>(128 913)</b>	<b>(128 448)</b>
<b>Balance as at 1 April 2022</b>	<b>1 606 452</b>	465	<b>667 560</b>	<b>2 274 477</b>
Profit for the year	–	–	322 912	322 912
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the year</b>	<b>–</b>	<b>–</b>	<b>322 912</b>	<b>322 912</b>
Share buy-back	(1 836)	–	–	(1 836)
Share-based payment expense	–	1 103	–	1 103
REIT distribution paid	–	–	(167 587)	(167 587)
<b>Balance as at 31 March 2023</b>	<b>1 604 616</b>	<b>1 568</b>	<b>822 885</b>	<b>2 429 069</b>

#### Condensed consolidated statement of cash flows for the year ended 31 March 2023

	<b>2023</b>	<b>2022</b>
	<b>R'000</b>	<b>R'000</b>
<b>Cash flows from operating activities</b>		
Cash generated from operations	297 161	279 917
Investment income received	3 488	4 171
Finance costs paid	(104 369)	(99 989)
REIT distribution paid	(167 587)	(128 913)
Tax paid	(729)	(759)
<b>Net cash generated from operating activities</b>	<b>27 964</b>	<b>54 427</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(145)	(122)
Development of investment property	(88 215)	(32 702)
Investment in joint venture	–	(1 500)
Proceeds from disposal of investment property	12 000	–
Proceeds from shareholders' loan	47 495	1 833
<b>Net cash used in investing activities</b>	<b>(28 865)</b>	<b>(32 491)</b>
<b>Cash flows from financing activities</b>		
Share buy-back	(1 836)	–
Proceeds from interest-bearing borrowings	492 650	351 308
Repayment of interest-bearing borrowings	(485 323)	(370 554)
Payment lease liabilities	(807)	(644)
<b>Net cash from / (used in) financing activities</b>	<b>4 684</b>	<b>(19 890)</b>
<b>Total cash movement for the year</b>	<b>3 783</b>	<b>2 046</b>
Cash at the beginning of the year	7 131	5 085
<b>Total cash and cash equivalents at the end of the year</b>	<b>10 914</b>	<b>7 131</b>

#### Segmental reporting 2023

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 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.

	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000
<b>As at 31 March 2023</b>				
Turnover (external)	145 751	101 578	76 821	24 440
Reportable segment profit before investment revenue, fair value adjustments and finance costs	114 663	77 205	62 437	18 297
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–
<b>Profit before investment revenue, fair value adjustments and finance costs</b>	<b>114 663</b>	<b>77 205</b>	<b>62 437</b>	<b>18 297</b>
<b>Segment assets and liabilities</b>				
Segment assets	1 360 256	965 844	653 530	215 089
Unallocated assets	–	–	–	–
<b>Total assets</b>	<b>1 360 256</b>	<b>965 844</b>	<b>653 530</b>	<b>215 089</b>
Segment liabilities	10 927	5 738	6 172	1 051
Unallocated liabilities	–	–	–	–
Interest-bearing borrowings	–	–	–	–
<b>Total liabilities</b>	<b>10 927</b>	<b>5 738</b>	<b>6 172</b>	<b>1 051</b>
<b>Other segment items</b>				
Interest revenue (external)	212	(20)	24	2
Unallocated interest revenue	–	–	–	–
<b>Investment revenue</b>	<b>212</b>	<b>(20)</b>	<b>24</b>	<b>2</b>
<b>Fair value adjustments *</b>	<b>72 465</b>	<b>47 436</b>	<b>29 259</b>	<b>(773)</b>
Interest expense	–	–	–	–
Unallocated interest expense	–	–	–	–
<b>Finance costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\*Includes the adjustment of the straight lining lease accrual amounting to R15 601 000 recognised in the current financial year

	Limpopo R'000	Namibia R'000	Recon- cilia- tion R'000	Total R'000
<b>As at 31 March 2023</b>				
Turnover (external)	33 158	73 588	1 563	456 899
Reportable segment profit before investment revenue, fair value adjustments and finance costs	21 910	9 410	–	303 923
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	(25 949)	(25 949)

<b>Profit before investment revenue, fair value adjustments and finance costs</b>	<b>21 910</b>	<b>9 410</b>	<b>(25 949)</b>	<b>277 974</b>
<b>Segment assets and liabilities</b>				
Segment assets	238 710	294 705	–	3 728 134
Unallocated assets	–	–	79 064	79 064
<b>Total assets</b>	<b>238 710</b>	<b>294 705</b>	<b>79 064</b>	<b>3 807 198</b>
Segment liabilities	2 788	3 048	2 240	31 964
Unallocated liabilities	–	–	32 635	32 635
Interest-bearing borrowings	–	–	1 313 530	1 313 530
<b>Total liabilities</b>	<b>2 788</b>	<b>3 048</b>	<b>1 348 405</b>	<b>1 378 129</b>
<b>Other segment items</b>				
Interest revenue (external)	10	165	–	393
Unallocated interest revenue	–	–	3 095	3 095
<b>Investment revenue</b>	<b>10</b>	<b>165</b>	<b>3 095</b>	<b>3 488</b>
<b>Fair value adjustments *</b>	<b>4 955</b>	<b>5 218</b>	<b>1 719</b>	<b>160 278</b>
Interest expense	46	–	–	46
Unallocated interest expense	–	–	107 367	107 367
<b>Finance costs</b>	<b>46</b>	<b>–</b>	<b>107 367</b>	<b>107 413</b>

\*Includes the adjustment of the straight lining lease accrual amounting to R15 601 000 recognised in the current financial year.

	<b>Atteridge- ville R'000</b>	<b>Mamelodi R'000</b>	<b>Sebokeng R'000</b>	<b>Heidelberg R'000</b>
<b>As at 31 March 2022</b>				
Turnover (external)	130 144	96 574	63 578	21 128
Reportable segment profit before investment revenue, fair value adjustments and finance costs	103 612	72 390	49 178	15 291
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–
<b>Profit before investment revenue, fair value adjustments and finance costs</b>	<b>103 612</b>	<b>72 390</b>	<b>49 178</b>	<b>15 291</b>
<b>Segment assets and liabilities</b>				
Segment assets	1 231 157	898 415	624 673	203 017
Unallocated assets	–	–	–	–
<b>Total assets</b>	<b>1 231 157</b>	<b>898 415</b>	<b>624 673</b>	<b>203 017</b>
Segment liabilities	11 224	3 559	5 632	958
Unallocated liabilities	–	–	–	–
Interest-bearing borrowings	–	–	–	–
<b>Total liabilities</b>	<b>11 224</b>	<b>3 559</b>	<b>5 632</b>	<b>958</b>
<b>Other segment items</b>				
Interest revenue (external)	192	85	47	2

Unallocated interest revenue	–	–	–	–
<b>Investment revenue</b>	<b>192</b>	<b>85</b>	<b>47</b>	<b>2</b>
<b>Fair value adjustments</b>	<b>89 130</b>	<b>4 752</b>	<b>61 167</b>	<b>(15 921)</b>
Interest expense	–	–	–	–
Unallocated interest expense	–	–	–	–
<b>Finance costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

	<b>Limpopo R'000</b>	<b>Namibia R'000</b>	<b>Recon cilia- tion R'000</b>	<b>Total R'000</b>
<b>As at 31 March 2022</b>				
Turnover (external)	31 286	68 748	4 610	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)
<b>Profit before investment revenue, fair value adjustments and finance costs</b>	<b>20 959</b>	<b>10 620</b>	<b>(26 906)</b>	<b>245 144</b>
<b>Segment assets and liabilities</b>				
Segment assets	233 952	317 092	–	3 508 306
Unallocated assets	–	–	138 247	138 247
<b>Total assets</b>	<b>233 952</b>	<b>317 092</b>	<b>138 247</b>	<b>3 646 553</b>
Segment liabilities	2 347	685	5 669	30 074
Unallocated liabilities	–	–	40 503	40 503
Interest-bearing borrowings	–	–	1 301 499	1 301 499
<b>Total liabilities</b>	<b>2 347</b>	<b>685</b>	<b>1 347 671</b>	<b>1 372 076</b>
<b>Other segment items</b>				
Interest revenue (external)	18	67	–	411
Unallocated interest revenue	–	–	3 750	3 750
<b>Investment revenue</b>	<b>18</b>	<b>67</b>	<b>3 750</b>	<b>4 161</b>
<b>Fair value adjustments</b>	<b>(9 479)</b>	<b>(16 395)</b>	<b>(16 056)</b>	<b>97 198</b>
Interest expense	32	–	–	32
Unallocated interest expense	–	–	98 232	98 232
<b>Finance costs</b>	<b>32</b>	<b>–</b>	<b>98 232</b>	<b>98 264</b>

#### Earnings per share for the year ended 31 March 2023

	<b>2023</b>	<b>2022</b>
Earnings used in the calculation of basic earnings per share (profit after tax) (R'000)	322 912	253 735

Number of ordinary shares in issue at year end	257 496 169	257 826 016
Weighted average number of ordinary shares	257 820 609	257 826 016
Add: weighted potential dilutive impact of Long-term Incentive Plan	64 520	102 774
Diluted weighted average number of ordinary shares	257 885 129	257 928 790
Headline earnings (R'000)	178 235	165 697
Basic earnings per share (cents)	125,40	98,41
Diluted earnings per share (cents)	125,22	98,37
Basic headline earnings per share (cents)	69,22	64,27
Diluted headline earnings per share (cents)	69,11	64,24
<b>Headline earnings reconciliation</b>		
Basic earnings (profit after tax) (R'000)	322 912	253 735
Fair value adjustments to investment properties (R'000)	(144 677)	(88 038)
<b>Headline earnings (R'000)</b>	<b>178 235</b>	<b>165 697</b>

#### Net asset value per share

	2023	2022
Total assets (R'000)	3 807 198	3 646 553
Total liabilities (R'000)	(1 378 129)	(1 372 076)
<b>Reported NAV (R'000)</b>	<b>2 429 069</b>	<b>2 274 477</b>
Ordinary shares in issue	257 496 169	257 826 016
Net asset value per share (Rand per share)	9,43	8,82
Tangible net asset value (Rand per share)	9,43	8,82
<b>Reported NAV adjusted for:</b>		
Dividend declared (R'000)	(82 399)	(82 504)
Fair value of derivative financial instruments (R'000)	(2 632)	14 076
Deferred tax (R'000)	13 249	(2 189)
<b>SA REIT NAV (R'000)</b>	<b>2 357 287</b>	<b>2 203 860</b>
Ordinary shares in issue	257 496 169	257 826 016
<b>SA REIT NAV (Rand per share)</b>	<b>9,15</b>	<b>8,55</b>

#### REIT distribution paid

	2023 R'000	2022 R'000
Prior year final distribution 32 cents per share (2022: 25 cents per share)	(82 504)	(64 457)
Interim distribution 33 cents per share (2022: 25 cents per share)	(85 083)	(64 456)
	<b>(167 587)</b>	<b>(128 913)</b>

#### Distributable earnings

	2023 R'000	2022 R'000
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Revenue (including recoveries and other income)	441 170	409 219
Less: Lease-smoothing effect	(15 601)	(9 160)
Less: Expenses	(154 620)	(157 790)
Less: Net interest	(103 925)	(94 103)
Interest income	3 488	4 161
Interest expense	(107 413)	(98 264)
<b>Distributable earnings</b>	<b>167 024</b>	<b>148 166</b>
Less: Interim distribution paid	(85 083)	(64 457)
Interim distribution per share (cents)	33	25
Available for distribution at year end	81 941	83 709
Number of shares	257 496 169	257 826 016
Final distributable income per share available (cents)	32	32
Percentage of distributable income distributed for the financial year	100%	100%
<b>Final distribution per share declared (cents)</b>	<b>32</b>	<b>32</b>

### 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 2023:

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 2023. The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totaling R3 666 900 000 (2022: R3 417 903 900) was based on the discounted cash flow method.

The valuation of investment property (Lynnwood and other vacant stands/remaining bulk), totaling R53 800 000 (2022: R65 758 500) 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 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 R185 942 094 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 R206 932 218 for the Group. If the valuer were to increase the long-term vacancy provision by 1.00%, the total valuation would decrease by R66 410 295 for the Group. If the valuer were to decrease the long-term vacancy provision by 1.00% the total valuation would increase by R66 410 295 for the Group.

The Board resolved to dispose of the Group's non-core assets. This disposal is consistent with the Group's long-term policy to focus its activities on its core assets and higher-yielding retail opportunities as well as to optimise capital allocation.

2. The average annualised property yield for the income-generating property portfolio based on market values as at 1 April 2022 is 8.74% for the 2023 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 some upmarket apartment units in the portfolio as at 31 March 2023. These units were sold but not yet transferred at year end.

4. Trade receivables are amounts due from customers mainly relating to rental income and tenant recoveries. They are generally due for settlement within 30 days and therefore are all classified as current. Trade payables initially measured at fair value, are subsequently measured at amortised cost, using the effective interest rate method.

5. 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 Bank Limited and Standard Bank of SA are Safari’s financiers.

- 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.
- 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 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.
- Facility K: R200 000 000– monthly repayments of interest only at the prime rate less 1,5% with the capital due upon maturity in June 2025. As at 31 March 2023, R54 441 548 of this revolving credit facility has been utilised.
- Facility L: R303 000 000– quarterly repayments of interest only at the three-month JIBAR rate plus 1,5% in year one and 1,65% thereafter, with the capital due upon maturity in November 2026.

The total available facility is R1 453 000 000 (2022: R1 400 000 000).

6. The Group measured its derivative financial instruments which relate to interest rate swaps at fair value on 31 March 2023. The fair value is based on a Level 2 fair value measurement hierarchy, measured with reference to models with observable market inputs, such as benchmark interest rates, yield or swap curves and foreign exchange or default rates based on mid-market levels. Interest rate swaps are calculated using the net present value the Company would pay or receive from the swap counterparty based on current interest rates. Interest rate swaps have been entered into in order to mitigate against the effect of changes in interest rates.

7. Property revenue increased to R392 562 316 compared to R365 478 373 in the prior year.

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

9. The deferred tax asset for Namibia is a result of a previous 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 “2023 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 21 June 2023.

## 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 2022 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 adoption of this standard has been considered and is deemed immaterial to the results of the Group.

*IFRS 7 Financial Instruments: Disclosures – Interest rate benchmark (IBOR) reforms phase 2,*

*IFRS 9 Financial Instruments: Recognition and Measurement – Interest rate benchmark reforms phase 2,*

#### *IFRS 16 Leases – Interest rate benchmark reforms phase 2.*

The amendments to IFRS 7, IFRS 9 and IFRS 16 amend the requirements relating to changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities, hedge accounting and disclosures. The adoption of the amendments has been considered and is deemed immaterial to the results of the Group.

#### *IAS 37 Provisions, Contingent Liabilities and Contingent Assets. Amendments to IAS 37 - Onerous Contracts*

- *Cost of Fulfilling a Contract.* The adoption of this standard has been considered and is deemed immaterial to the results of the Group.

#### *Reference to the Conceptual Framework: Amendments to IFRS 3*

#### *Annual Improvement to IFRS Standards 2018 – 2020: Amendments to IFRS 9*

The Group has assessed and adopted the above standards, interpretations, and amendments during the current financial period. The impact assessment following the adoption of the amendments have resulted in no material effect or change to the Group's accounting policies, related disclosures or amounts recognised in the Group's current and prior year annual financial statements.

### **Board commentary**

#### **Profile**

Safari with a total asset base of R3.8 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 and 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 10 properties. Eight of the properties are established retail centres, of which four are serving as small regionals in their areas. The retail properties include the following shopping centres, presenting a gross lettable area of 178 460m<sup>2</sup>:

- Denlyn (34,870 m<sup>2</sup>) in Mamelodi
- Atlyn (31,238m<sup>2</sup>), Nkomo Village (23,114 m<sup>2</sup>) and Mnandi (8,717 m<sup>2</sup>) in Atteridgeville
- Thabong (34,661 m<sup>2</sup>) in Sebokeng
- Victorian Village (11,967m<sup>2</sup>) in Heidelberg
- Platz am Meer (21,503m<sup>2</sup>) in Swakopmund
- Thornhill (12,390 m<sup>2</sup>) in Polokwane

The retail centres are anchored by national retailers such as Shoprite Checkers, Boxer and Pick n Pay. Safari's current rental portfolio is 99% retail based.

There remain a number of residential apartments in the property portfolio as at 31 March 2023. These units were sold but not yet transferred at year end and form part of the mixed-use development in Platz am Meer in Swakopmund.

#### **Letting activity**

The vacancy factor as at 31 March 2023 was 3.25% (2022:1.9%) of total income-generating retail space while tenants consisted of 87% (2022: 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 quality of core properties is a key priority as refurbishments and redevelopments are rolled out.

#### **Dividend declaration**

Shareholders are advised that the directors of Safari approved and declared a final gross cash distribution of 32 cents per share for the period ended 31 March 2023 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

Thursday, 29 June 2023

Last day to trade cum dividend distribution	Tuesday, 18 July 2023
Trading ex-dividend commences	Wednesday, 19 July 2023
Record date	Friday, 21 July 2023
Payment date	Monday, 24 July 2023

**Notes:**

Share certificates may not be dematerialised or re-materialised between Wednesday, 19 July 2023 and Friday, 21 July 2023, 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, 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, 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, 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, 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 257 826 016 ordinary shares of no-par value as at the dividend declaration date, including 329 847 treasury shares.
- 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 Tuesday, 24 October 2023 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 October 2023, with the last day to trade being Tuesday 10 October 2023

By order of the Board  
29 June 2023

**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)

**Auditor****BDO South Africa Incorporated**

Wanderers Office Park,

52 Corlett Drive, Illovo, Johannesburg 2196

**Bankers****Absa Bank Limited**

(Registration number: 1986/004794/06)

Absa Towers East

170 Main Street, Johannesburg 2001

PO Box 7735, Johannesburg 2000

**The Standard Bank of South Africa**

(Registration number: 1962/000738/06)

9<sup>th</sup> Floor Standard Bank Centre

5 Simmonds Street, Johannesburg 2001

PO Box 7725, 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 (Non-executive 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****Quadrant Properties Proprietary Limited**

(Registration number 1995/003097/07)

Dunkeld Court, 16 North Road

Dunkeld West, Randburg 2196

**Legal advisers****Webber Wentzel**

90 Rivonia Road, Sandton, Johannesburg, 2196

(PO Box 1144, Johannesburg 2000)

**Sponsor****PSG Capital**

(Registration number 1951/002280/06)

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**Transfer secretaries****Computershare Investor Services****Proprietary Limited**

(Registration number 2004/003647)

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