

**2022**

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: 24 November 2022

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

Safari Investments RSA Limited (“Safari” or “the Company” or “the Group”) 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

We want to strategically grow our 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

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



### BRAND

We promote high standards of environmental protection and social relations under good corporate governance and in line with environmental, social and governance principles

<p><b>TOTAL GROSS LETTABLE AREA ("GLA") OF PROPERTY PORTFOLIO</b></p> <p><b>175 167m<sup>2</sup></b></p>	<p><b>PORTFOLIO OCCUPANCY RATE</b></p> <p><b>97,09%</b></p> <p>(Sep 2021: 98,03%)</p> 
<p><b>INTERIM DISTRIBUTION PER SHARE</b></p> <p><b>33 cents</b></p> <p>(Sep 2021: 25 cents)</p> 	<p><b>SA REIT NET ASSET VALUE ("NAV") PER SHARE</b></p> <p><b>R8,56</b></p> <p>(Sep 2021: R8,21)</p> 
<p><b>SA REIT LOAN -TO-VALUE ("LTV")</b></p> <p><b>36%</b></p> <p>(Sep 2021: 39%)</p> 	<p><b>SA REIT FUNDS FROM OPERATIONS PER SHARE</b></p> <p><b>33 cents</b></p> <p>(Sep 2021: 25 cents)</p> 
<p><b>SA REIT COST-TO-INCOME RATIO</b></p> <p><b>38%</b></p> <p>(Sep 2021: 46%)</p> 	<p><b>REVERSION RATE ON RENEWALS</b></p> <p><b>-0,08%*</b></p> <p>(Sep 2021: +1,9%)</p>

\* The reversion rate on renewals improves to +5,47% if the effect of single tenant Virgin Active is excluded.

Defensive portfolio which supports resilient earnings

High-quality tenant base

Low arrear profile and vacancy rates

Sound liquidity management, including proactive refinancing and covenant risk management

# COMMENTARY

## PROFILE

Safari is a retail-focused REIT listed on the JSE main board with a property portfolio valued at R3,5 billion. The Company has a simplified and focused approach to quality property assets in the retail sector in order to generate sustainable rental income and create long-term shareholder value. There were no significant changes to the nature of the business during the financial period under review.

## PROPERTY PORTFOLIO

The Safari portfolio primarily comprises dominant well-located shopping centres, largely underpinned by national tenants with long-term contractual leases. Of the eight established income-generating retail centres, three serve as regionals in their areas. Centres include Denlyn in Mamelodi, Pretoria; Atlyn, Mnandi and Nkomo Village in Atteridgeville, Pretoria; Thabong in Sebokeng, Johannesburg; Victorian Village in Heidelberg; Thornhill in Polokwane and Platz am Meer in Swakopmund, Namibia. Safari also owns the following bulk reserve held for future development or expansions:

- Lynnwood: ±13 000m<sup>2</sup>;
- Nkomo Village: ±2 000m<sup>2</sup>;
- Thabong: ±2 000m<sup>2</sup>; and
- Platz am Meer: ±8 000m<sup>2</sup>.

## LETTING ACTIVITY

Occupancy for Safari remained strong for the period under review with a vacancy factor of 2,91% as at 30 September 2022 (2021: 1,97%). For the South African portfolio, the vacancy factor is 1,14%. With a reversion rate of -0,08% (2021: +1,9%) on renewals and tenant replacements, we remain confident in the strength of the tenant base and the portfolio's ability to continue generating sustainable growth and earnings. The reversion rate improves to +5,47% if the effect of single tenant Virgin Active, where rentals were reset to market related terms after the end of the 10 year lease which was renewed during the reporting period, is excluded.

## FINANCIAL PERFORMANCE

Headline earnings increased to R97,8 million in comparison to R70,4 million in the corresponding prior period. Property revenue increased from R175,5 million at 30 September 2021 to R192,1 million at 30 September 2022 with distributable income also increasing by 32,6% over the same period. Net operating income of retail assets increased by 22% when compared to the corresponding prior period. This is, however, largely attributable to the civil unrest experienced in July 2021 and the associated rental relief subsequently provided to the affected tenants which had negatively impacted the Group's property revenue during this period. The Group's SA REIT NAV per share is R8,56 (2021: R8,21) at 30 September 2022.

## OPERATIONAL

Safari realises that the sustainability of business in South Africa requires careful consideration of alternative water and electricity sources. Boreholes and backup water systems have been successfully installed at Thabong and Nkomo Village Shopping Centres to reduce operational costs and improve our resilience against water shortages and supply risks. An alternative water project for Denlyn is also approved and underway. Solar power systems are in place at several of the centres. Management is also busy considering viable options to integrate the centres' back-up power systems (generators) with the existing solar systems to optimise efficiencies in both energy and cost for tenants. Security at the property sites has functioned as a joint venture with Heriot REIT since 1 February 2022. Moving from outsourced security suppliers to an in-house joint venture model has allowed management a more hands-on and controlled approach in securing and safeguarding assets.

## FUNDING

Safari currently has secured loan facilities totalling R1,45 billion with 30% of interest-bearing debt currently hedged by way of interest rate swaps. The SA REIT loan-to-value for the Group has decreased from 39% to 36% when compared to the corresponding prior period. At the reporting date, Safari's SA REIT cost of debt is 8,94% and measures the all-in weighted average cost of Safari's interest-bearing borrowings.

## DISPOSAL STRATEGY

As part of Safari's strategy to hold and grow a specialised retail portfolio in South Africa, the Board resolved to dispose of certain assets including Soweto Day Hospital, Mnandi Shopping Centre, and Platz am Meer. The liquidation process for the tenant occupying Soweto Day Hospital has formally commenced. Mnandi is actively being marketed; the sale transaction will be subject to required conditions precedent and Board approval. Erf 68 at Platz am Meer was successfully sold and is in the process of transfer, while another six of the residential apartments were also sold and transferred during the reporting period.

## COVID-19 INSURANCE COVER

Rent relief granted to tenants in the 2021 and 2022 financial years totalled approximately R28,5 million due to the COVID-19 pandemic. Subsequent to the reporting period the claim was settled at R14 million including VAT while the Company's claim for losses in Namibia (approximately R2,9 million including VAT) is still in the process of finalisation.

## CIVIL UNREST INSURANCE COVER

All centres were fully operational by November 2021 after the unfortunate period of business interruption during the civil unrest experienced in South Africa in the corresponding prior period. The Company received from SASRIA full compensation for the repair of damage to properties, totalling

approximately R29,5 million. This event also caused business interruption and necessitated rental relief to tenants. The insurance claim for income losses during the interruption periods is in final process. Interim payments of R9,7 million (from a total claim of R12,6 million up to the reporting date) have been received from the insurer to date.

## DISTRIBUTABLE EARNINGS

Refer to note 13 for the full disclosure of distributable earnings. Based on current forecasts and information available, and on the assumption of normalised trading conditions plus the riot-related insurance claim being concluded successfully together with the COVID-19 insurance claim amount received in October 2022, we are confident that distributable earnings per share for the full 2023 financial year will increase by between 6% and 10% compared to the 2022 financial year. The forecast is the responsibility of the Board and has not been reviewed or reported on by the auditor.

## HERIOT OFFER

Shareholders are referred to the relevant announcements released on the Stock Exchange News Service ("SENS") advising of the desire of Heriot REIT, acting through its wholly-owned subsidiary, Heriot Properties Proprietary Limited ("Heriot"), to increase its strategic holding in the Company as it considers Safari's property portfolio to be complementary to its own portfolio.

Subsequent to the reporting period under review, Heriot, on 13 October 2022, proceeded with an unconditional general offer to Safari shareholders to purchase Safari's listed securities (excluding such shares already owned by Heriot, its concert parties or held by the nominee) at an offer price of R5,60 per share. Shareholders are referred to the most recent SENS announcements and the Offer Circular by Heriot dated 13 October 2022. Shareholders are furthermore referred to the SENS announcement dated 10 November and

**COMMENTARY** continued

the response circular to Heriot's offer circular published on 22 November 2022. All relevant SENS announcements and/or circulars are available on Safari's website:

**[www.safari-investments.com/investorrelations](http://www.safari-investments.com/investorrelations)**

**REPURCHASE OF SOUTHERN PALACE SHARES**

Shareholders are referred to the relevant announcements on SENS dated 13 October 2022 relating to 53 000 000 Safari shares ("pledged shares") previously held by Southern Palace Capital Proprietary Limited ("Southern Palace"). Safari has ceded the pledged shares in full to Maitlantic 1038 Proprietary Limited (the "nominee") in anticipation of realising the underlying value by way of a repurchase of the pledged shares, which is subject to the approval of Safari shareholders. The Company wishes to repurchase and cancel the pledged shares in part settlement of the Southern Palace indebtedness. As the pledged shares are presently accounted for as treasury shares, the repurchase will have no impact on Safari's earnings per share, headline earnings per share and NAV per share. The number of treasury shares held by the Company after the repurchase will reduce to nil as the pledged shares will be cancelled and no longer treated as treasury shares. The repurchase will not have an impact on the Heriot offer. The nominee has provided an irrevocable undertaking that it will not participate in, and will not accept, the Heriot offer. The repurchase is conversely also not conditional on the Heriot offer and will proceed independently thereof.

**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. Interest-bearing borrowings included as part of current liabilities at the end of the reporting period relate to facilities maturing during the next 12 months. Negotiations for the early refinancing of one of the maturing facilities, at a more favourable margin, are already at an advanced stage. Negotiations to refinance the other maturing facility will commence within the first half of 2023. 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.



# INCOME-GENERATING RETAIL PORTFOLIO

for the period ended 30 September 2022

Geographic	Denlyn Mamelodi, Gauteng	Thabong Sebokeng, Gauteng	Atlyn Atteridgeville, Gauteng
Trading since	2003	2007	2006
Number of shops	117	104	93
Total rentable area m <sup>2</sup>	34 664	34 650	31 224
Annual trading density/m <sup>2</sup> : September 2022	R37 625	R44 577	R34 376
National tenancy	91%	90%	87%
Occupancy level	99,1%	99,0%	100%

## PORTFOLIO HIGHLIGHTS

Portfolio vacancy	2,91%
Portfolio national tenancy % (GLA)	87%
Weighted average trading density for the portfolio	R38 708 m <sup>2</sup>
Current reporting period collection of billings	98%

## DEVELOPMENT PROJECTS

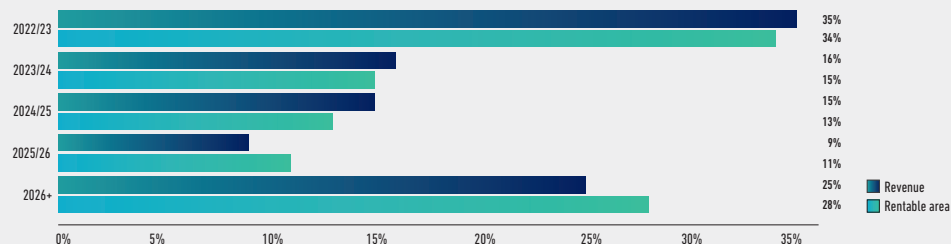
Yield-accretive acquisitions, expansions, new developments and defensive redevelopments are pursued by Safari as an integral part of its strategy.

Victorian Village refurbishment	Nkomo Village expansion	Denlyn refurbishment	Lynnwood erven – new retail development	Mnandi filling station
<p>Phase 2 of the refurbishment of Victorian Village in Heidelberg was completed in early 2022 and now showcases an enhanced tenant mix and a new image and name.</p> <p>Phase 3 of this refurbishment has already commenced which consists of upgrades to the upper level.</p>	<p>The phase 2 expansion of Nkomo Village is near completion, adding approximately 5 000m<sup>2</sup> additional GLA to this popular node.</p> <p>Shoprite, Mr Price and other nationals are due to commence trade end November 2022.</p>	<p>A R44 million renovation is due to commence in order to strengthen the tenant mix and enhance Denlyn's appearance and dominance in Mamelodi.</p> <p>Construction work will include the installation of a back-up water system for the centre.</p>	<p>The rezoning of residential erven in Lynnwood is in process and the plan is to commence construction of a 5 000m<sup>2</sup> retail node in Q1 2024.</p>	<p>Development of the new VIVA fuel station at Safari's Mnandi Shopping Centre to strengthen the centre's location as a preferred convenience destination in Atteridgeville will commence as soon as all regulatory approvals are in place. The anticipated opening is Q2 2023.</p>



Platz am Meer Swakopmund, Namibia	Nkomo Village Atteridgeville, Gauteng	Thornhill Polokwane, Limpopo	Victorian Village Heidelberg, Gauteng	Mnandi Atteridgeville, Gauteng
2016	2018	2009	1997	2015
67	61	32	34	30
21 179	18 950	12 390	12 013	8 717
R31 515	R42 039	R37 404	R52 929	R27 690
69%	88%	94%	98%	84%
84,1%	97,6%	99,0%	96,0%	99,9%

#### Lease expiry profile of the portfolio



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2022

	Note(s)	Unaudited 30 September 2022 R'000	Unaudited 30 September 2021 R'000	Audited 31 March 2022 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		632	841	738
Right-of-use assets		4 487	5 466	4 976
Investment property	2	3 254 931	3 263 780	3 212 687
Fair value of investment property		3 354 809	3 379 193	3 307 763
Straight-lining lease asset	3	(99 878)	(115 413)	(95 076)
Loans to shareholders	6	37 873	41 921	40 436
Investment in joint ventures		1 500	–	1 500
Straight-lining lease asset	3	99 826	114 074	94 435
Deferred tax asset		19 054	16 972	22 284
Derivatives	19	2 396	–	–
		3 420 699	3 443 054	3 377 056
<b>Current assets</b>				
Inventories		38 907	85 698	60 026
Loans to shareholders	6	7 287	6 490	7 059
Trade and other receivables	6	17 410	16 281	18 740
Straight-lining lease asset	3	52	1 339	641
Cash and cash equivalents		13 464	6 965	7 131
		77 120	116 773	93 597
Investment property held for sale	17	175 900	–	175 900
<b>Total assets</b>		<b>3 673 719</b>	<b>3 559 827</b>	<b>3 646 553</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity and reserves</b>				
Stated capital	5	1 606 452	1 606 452	1 606 452
Retained income		682 839	548 706	667 560
Share-based payment reserve	16	1 077	–	465
<b>Total equity and reserves</b>		<b>2 290 368</b>	<b>2 155 158</b>	<b>2 274 477</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Interest-bearing borrowings	7	865 390	1 250 000	1 248 844
Deferred tax liability		24 130	13 831	20 095
Derivatives	19	–	21 141	10 735
Lease liabilities		5 044	5 942	5 525
		894 564	1 290 914	1 285 199
<b>Current liabilities</b>				
Interest-bearing borrowings	7	457 126	75 985	52 655
Trade and other payables	6	30 763	29 585	30 074
Derivatives	19	–	7 462	3 341
Lease liabilities		898	723	807
		488 787	113 755	86 877
<b>Total liabilities</b>		<b>1 383 351</b>	<b>1 404 669</b>	<b>1 372 076</b>
<b>Total equity and liabilities</b>		<b>3 673 719</b>	<b>3 559 827</b>	<b>3 646 553</b>

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

for the period ended 30 September 2022

	Note(s)	Unaudited Six months ended 30 September 2022 R'000	Unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
<b>Revenue</b>		<b>221 851</b>	201 770	416 068
Property revenue	8	192 086	175 490	365 478
Straight-line lease adjustment	3	4 801	7 460	9 160
Revenue from sale of inventory	4	24 964	18 820	41 430
Other income	15	14 206	15 735	34 581
Cost of inventory sold		(23 493)	(21 071)	(45 204)
Impairment of inventory		–	–	(2 511)
Operating expenses	9	(73 986)	(80 966)	(157 790)
<b>Operating profit</b>		<b>138 578</b>	115 468	245 144
Investment income		2 309	2 037	4 161
Fair value adjustments	2	–	–	88 038
Finance costs		(50 700)	(48 991)	(98 264)
Fair value profit/(loss) on hedging instruments		15 204	9 787	23 902
<b>Profit before taxation</b>		<b>105 391</b>	78 301	262 981
Taxation		(7 608)	(7 876)	(9 246)
<b>Profit for the period</b>		<b>97 783</b>	70 425	253 735
Other comprehensive income		–	–	–
<b>Total comprehensive income for the period</b>		<b>97 783</b>	70 425	253 735
Basic earnings per share (cents)	12	37,93	27,31	98,41
Diluted earnings per share (cents)	12	37,89	27,31	98,37

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the period ended 30 September 2022

	Stated capital R'000	Share- based payment reserve R'000	Retained income R'000	Total equity R'000
<b>Balance as at 1 April 2021 (Audited)</b>	1 606 452	–	542 738	2 149 190
Profit for the period	–	–	70 425	70 425
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	–	–	70 425	70 425
REIT distribution paid	–	–	(64 457)	(64 457)
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>	–	–	(64 457)	(64 457)
<b>Balance as at 30 September 2021 (Unaudited)</b>	1 606 452	–	548 706	2 155 158
Profit for the period	–	–	183 310	183 310
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	–	–	183 310	183 310
Long-term incentive plan – refer to note 16	–	465	–	465
REIT distribution paid	–	–	(64 456)	(64 456)
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>	–	465	(64 456)	(63 991)
<b>Balance as at 31 March 2022 (Audited)</b>	1 606 452	465	667 560	2 274 477
Profit for the period	–	–	<b>97 783</b>	<b>97 783</b>
Other comprehensive income	–	–	–	–
<b>Total comprehensive income for the period</b>	–	–	<b>97 783</b>	<b>97 783</b>
Long-term incentive plan – refer to note 16	–	<b>612</b>	–	<b>612</b>
REIT distribution paid	–	–	<b>(82 504)</b>	<b>(82 504)</b>
<b>Total contributions by and distributions to owners of the Company recognised directly in equity</b>	–	<b>612</b>	<b>(82 504)</b>	<b>(81 892)</b>
<b>Balance as at 30 September 2022 (Unaudited)</b>	<b>1 606 452</b>	<b>1 077</b>	<b>682 839</b>	<b>2 290 368</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the period ended 30 September 2022

	Note	Unaudited Six months ended 30 September 2022 R'000	Restated unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
<b>Cash flows from operating activities</b>				
Cash generated from operations		158 157	125 545	279 917
Investment income received		2 457	2 256	4 171
Finance costs paid		(52 316)	(52 370)	(99 989)
REIT distribution paid		(82 504)	(64 457)	(128 913)
Tax paid		(344)	(340)	(759)
<b>Net cash from operating activities</b>		<b>25 450</b>	<b>10 634</b>	<b>54 427</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		(35)	(69)	(122)
Development of investment property		(42 245)	(17 970)	(32 702)
Investment in joint venture		–	–	(1 500)
Proceeds from shareholders' loans		2 188	709	1 833
<b>Net cash used in investing activities</b>		<b>(40 092)</b>	<b>(17 330)</b>	<b>(32 491)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest-bearing borrowings	18	265 980	184 322	351 308
Repayment of interest-bearing borrowings	18	(244 615)	(175 435)	(370 554)
Payment of lease liabilities		(390)	(311)	(644)
<b>Net cash from/(used in) financing activities</b>		<b>20 975</b>	<b>8 576</b>	<b>(19 890)</b>
<b>Total cash movement for the period</b>		<b>6 333</b>	<b>1 880</b>	<b>2 046</b>
Cash at the beginning of the period		7 131	5 085	5 085
<b>Total cash and cash equivalents at the end of the period</b>		<b>13 464</b>	<b>6 965</b>	<b>7 131</b>

# NOTES TO THE FINANCIAL STATEMENTS

for the period ended 30 September 2022

## 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*, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the Companies Act 71 of 2008 ("Companies Act") 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 auditor.

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 2022.

The condensed consolidated unaudited interim financial statements were approved by the Board on 15 November 2022.

## 2. INVESTMENT PROPERTY

The Group's investment properties are valued at the end of each financial year by way of independent valuation.

The most recent external valuation was performed on 31 March 2022 with the effective date of the next revaluation expected to be on 31 March 2023.

The valuation of investment property is considered to be Level 3 on the fair value hierarchy per IFRS 13. There have been no movements of inputs between the fair value hierarchy levels or 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 R169 305 126.

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.

If the valuer were to increase the long-term vacancy provision by 1,00%, the total valuation would decrease by R51 988 200. If the valuer were to decrease the long-term vacancy provision by 1,00%, the total valuation would increase by R22 825 900.

## 3. STRAIGHT-LINING LEASE ASSET

Lease terms range from three to 10 years with the weighted average lease escalation being 6% for the six months ended 30 September 2022.

## 4. INVENTORIES

At the initial development of Platz am Meer, Safari Investments Namibia Proprietary Limited, a wholly-owned subsidiary of Safari Investments RSA Limited, developed 36 luxury sea-front apartments and offices together with the shopping centre. The entire development has been incorporated into a sectional title scheme with 39 units consisting of 36 apartments, one office unit and two commercial units currently trading as the Platz am Meer Shopping Centre.

In this regard, 36 close corporations and one additional private company were incorporated in which these units vest. A proportionate allocation of the development cost of the land was transferred to these close corporations and private company. The person/s acquiring the apartments or office unit 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 Group Chief Executive Officer, the membership in the remaining unsold close corporations.

During the six-month period ended 30 September 2022, the Group had disposed of six additional units with the remaining nine units not yet transferred at the reporting date.

## 5. STATED CAPITAL

In the 2023 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 R4,7 million (2021: R6,1 million) of normal monthly rental debtors. The remainder of the trade and other

receivables balance relates to turnover rent invoiced, deposits charged, electricity and water recoveries and ongoing legal matters. Trade and other payables include tenant deposits held, income received in advance, value added tax payable and accrued expenses. A substantial factor that is considered in assessing for an expected credit loss allowance on the vendor loan includes the valuation of Safari shares utilising a 30-day volume-weighted average price ("VWAP") as a reasonable metric, 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 Group does not foresee the provision for an expected credit loss allowance being established.

## 7. INTEREST-BEARING BORROWINGS

The Group is required to adhere to the following bank covenants during the reporting period:

	Actual ratios as at 30 September 2022	Covenant ratios applicable as at 30 September 2022
<b>Debt covenants – LTV and interest cover ratio ("ICR")</b>		
Transactional LTV (including mark-to-market value)	<b>38,31%</b>	<55%
Transactional LTV (excluding mark-to-market value)	<b>38,31%</b>	<50%
Transactional ICR	<b>3,07</b>	>1,85
Corporate ICR	<b>2,65</b>	>2,00
Corporate LTV	<b>39,27%</b>	<50%
Hedging covenant (of facilities A and B only)	<b>100%</b>	>75%
Hedging agreement covenant	<b>0,30</b>	<1,25

Safari remains within the parameters of compliance for debt covenants and does not foresee any breaching of covenant triggers. As at 30 September 2022 the Group's remaining capital commitments as authorised and committed to by the Board in respect of investment property, is R109,8 million. These capital commitments will be funded from available debt facilities.

## NOTES TO THE FINANCIAL STATEMENTS continued

The Group holds as part of its ISDA master agreement, liabilities and hedging instruments which are indexed to the JIBAR rate. As part of the global benchmark interest rate reform, whereby some interbank offered rates will be replaced with an alternative risk-free rate, the Group would need to assess the impact of the interbank offered rate reform and possible hedge ineffectiveness that the Group will be exposed to. As at the reporting date, the Group is yet to transition to the replaced or reformed alternative rates. Currently, 30% of interest-bearing debt is hedged. The Directors consider the carrying amount of bank loans to approximate their fair values as the interest rates associated with these bank loans are considered to be market-related. During June 2022, Safari successfully concluded a facility agreement, in line with its growth and lender diversification strategy, for R200 million with Standard Bank of SA Limited which refinanced a matured R150 million facility. Included in current liabilities is R450 million, part of a total of R1,45 billion in facilities, which will mature during the next 12 months and which will be refinanced by the Group.

### 8. PROPERTY REVENUE

Interim property revenue increased by 9,5% compared to September 2021. The increase is due to normal annual rental escalation. Rent relief provided to tenants during the corresponding prior period also contributed to the increase in revenue in the current reporting period.

### 9. OPERATING EXPENSES

Costs incurred have normalised with the SA REIT cost-to-income ratio being 38% compared to 46% in the corresponding prior period. The disproportionate costs incurred during the period ended 30 September 2021 included the impact of the July 2021 civil unrest that had resulted in damages to some of the Group's retail assets.

### 10. EVENTS DURING THE REPORTING PERIOD

Shareholders are referred to announcements released on SENS during the reporting period in relation to Heriot REIT's firm intention to make a general offer to the holders of issued ordinary shares of Safari. Announcements in this regard were released on

3 June 2022, 6 June 2022, 7 June 2022, 1 July 2022, 29 July 2022, 12 August 2022, 2 September 2022 and 30 September 2022.

On 22 June 2022, the Board approved a final cash distribution for the 2022 financial year of 32 cents per Safari share that was paid to shareholders during 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, dividend distribution declaration, release of the Integrated Annual Report, and notice of Annual General Meeting.

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. This new facility was put in place to refinance a maturing R150 million Absa facility.

Salient terms of the new facility:

- Facility K: R200 000 000 – monthly repayments of interest at the prime interest rate, minus 1,5%, with the capital due on maturity in June 2025.

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.

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 back-up 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; and
- Installation of a necessary back-up water system at Nkomo Village at a cost of approximately R10 million.



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

## 11. EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Shareholders are referred to the announcement released on SENS on 13 October 2022 in relation to Heriot REIT's unconditional offer to the holders of issued ordinary shares of Safari. The Heriot offer was made on the basis that the pledged Southern Palace shares are treated as treasury shares and thus excluded from the offer and the determination of the offer price.

Shareholders are furthermore referred to the SENS announcement dated 10 November 2022 and the response circular to Heriot's offer circular published on 22 November 2022.

The outstanding COVID-19-related insurance cover payment of R14 million including VAT (RSA portfolio only) was received by the Company after the legal process of the claim was concluded subsequent to the reporting date. At the Board meeting held on 15 November 2022, the Board approved a gross cash interim distribution of 33 cents per ordinary share to be paid during December 2022. 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 2022	Unaudited Six months ended 30 September 2021	Audited Year ended 31 March 2022
Earnings used in the calculation of basic earnings per share (profit after tax R'000)	97 783	70 425	253 735
Number of ordinary shares in issue at year-end	257 826 016	257 826 016	257 826 016
Diluted weighted average number of ordinary shares	258 043 679	257 826 016	257 928 790
Weighted average number of ordinary shares in issue at year-end	257 826 016	257 826 016	257 826 016
Add: Weighted potential dilutive impact of Long-term Incentive Plan	217 663	–	102 774
Headline earnings (R'000)	97 783	70 425	165 697
Basic earnings per share (cents)	37,93	27,31	98,41
Diluted earnings per share (cents)	37,89	27,31	98,37
Basic headline earnings per share (cents)	37,93	27,31	64,27
Diluted headline earnings per share (cents)	37,89	27,31	64,24
<b>Headline earnings reconciliation</b>			
Basic earnings (profit after tax R'000)	97 783	70 425	253 735
Gains and losses from the adjustment to the fair value of non-current assets (R'000)	–	–	(88 038)
<b>Headline earnings (R'000)</b>	<b>97 783</b>	<b>70 425</b>	<b>165 697</b>

## NOTES TO THE FINANCIAL STATEMENTS continued

## 13. DISTRIBUTABLE EARNINGS

	Unaudited Six months ended 30 September 2022 R'000	Unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
Revenue (including recoveries and other income, excluding sale of apartments)	211 093	198 685	409 219
Less: Lease smoothing effect	(4 801)	(7 460)	(9 160)
Less: Expenses	(73 986)	(80 966)	(157 790)
Less: Net interest	(48 391)	(46 954)	(94 103)
Interest income	2 309	2 037	4 161
Interest expense	(50 700)	(48 991)	(98 264)
<b>Distributable earnings</b>	<b>83 915</b>	<b>63 305</b>	<b>148 166</b>
Number of shares*	257 826 016	257 826 016	257 826 016
Distributable income per share (cents)	33	25	57
Distribution per share declared (cents)	33	25	57
<b>Percentage of distributable income declared</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* 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 2022	Unaudited Six months ended 30 September 2021	Audited Year ended 31 March 2022
Total assets (R'000)	3 673 719	3 559 827	3 646 553
Total liabilities (R'000)	(1 383 351)	(1 404 669)	(1 372 076)
<b>Reported NAV (R'000)</b>	<b>2 290 368</b>	<b>2 155 158</b>	<b>2 274 477</b>
Ordinary shares in issue*	257 826 016	257 826 016	257 826 016
NAV per share (Rand per share)	8,88	8,36	8,82
Tangible NAV (Rand per share)	8,88	8,36	8,82
<i>Reported NAV adjusted for:</i>			
Dividend declared (R'000)	(85 083)	(64 457)	(82 504)
Fair value of derivative financial instruments (R'000)	(2 396)	28 603	14 076
Deferred tax (R'000)	5 076	(3 141)	(2 190)
<b>SA REIT NAV (R'000)</b>	<b>2 207 965</b>	<b>2 116 163</b>	<b>2 203 859</b>
Ordinary shares in issue*	257 826 016	257 826 016	257 826 016
<b>SA REIT NAV (Rand per share)</b>	<b>8,56</b>	<b>8,21</b>	<b>8,55</b>

\* 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. OTHER INCOME

Other income includes insurance payments of R10,4 million received for the Company's claim for losses experienced during the July 2021 unrest. Interim insurance payments of R12,8 million were included in other income for the corresponding prior period.

## 16. SHARE-BASED PAYMENT RESERVE

The Group has awarded a conditional right to ordinary shares for both Executive Directors and management as part of its Long-term Incentive Plan ("LTI Plan") in line with the Group's Remuneration Policy. The LTI Plan aims to align the interests of management to those of shareholders. The total number of shares awarded referred to as "LTI Plan participation" is based on the 30-trading day VWAP at the grant date and a percentage of the total cost to company for all participants.

Since the initial 561 447 shares were awarded on 1 July 2021, the Group granted an additional 467 514 shares to the participants on 1 July 2022. All shares included within the LTI Plan are subject to both retention and performance conditions. Executive Directors and management are required to remain employed by the Group for a period of three to five years after the grant date in order for the retention shares to vest as one third of the shares will vest on a rolling basis in years three, four and five after the grant date.

Safari has recognised the shares granted as equity-settled with a share-based payment reserve recorded within equity and a share-based payment expense recognised on the statement of comprehensive income over the relevant measurement/vesting period. The fair value derived for each conditional share awarded has been determined using the Black Scholes pricing model, whereby assumptions and estimates on the Group's share price volatility, retention factor, forfeiture rate and risk-free interest rate are made.

The annualised share price volatility had been identified based on the historical volatility of the Safari share and the expected forfeiture rate of 5%, evaluated on the historical behaviour of both executive and senior management staff. The table below provides the movement in share-based payment reserve for the equity instruments granted.

	Unaudited Six months ended 30 September 2022 R'000	Unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
<b>Movement can be reconciled as follows:</b>			
Balance at the beginning of the reporting period	465	–	–
Movement during the reporting period (expense recognised in profit or loss)	612	–	465
Shares issued during the current reporting period	–	–	–
<b>At the end of the reporting period</b>	<b>1 077</b>	–	465

**NOTES TO THE FINANCIAL STATEMENTS** continued**17. INVESTMENT PROPERTY HELD FOR SALE**

The Board resolved to dispose of the Group's non-core assets and negotiations with several interested parties have subsequently taken place. The disposals are consistent with the Group's long-term policy to focus its activities on higher-yielding retail opportunities as well as to optimise 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 and presented separately on the statement of financial position.

The proceeds from disposals are expected to exceed the fair value of the related investment properties and, accordingly, no impairment losses have been recognised on the classification of these assets as held for sale. The current assets classified as held for sale are as follows:

	Unaudited Six months ended 30 September 2022 R'000	Unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
<b>Balance at the beginning of the year</b>	<b>175 900</b>		
Reallocated from investment property	–	–	153 864
Straight-lining lease asset	–	–	22 036
<b>Investment property held for sale</b>	<b>175 900</b>	–	175 900

**18. RESTATEMENT OF COMPARATIVES**

The comparative amounts for the six months ended 30 September 2021, relating to the proceeds from and repayment of interest-bearing borrowings on the condensed consolidated statement of cash flows, have been restated to present consistently with the current period, effectively removing matured facilities that have been settled by refinanced facilities of the same lender whereby no cash flows had taken place.

## 19. DERIVATIVES

	Unaudited Six months ended 30 September 2022 R'000	Unaudited Six months ended 30 September 2021 R'000	Audited Year ended 31 March 2022 R'000
<b>Hedging derivatives</b>			
Interest rate swaps	2 396	(28 603)	(14 076)
JIBAR-linked interest rate swaps	–	–	–
The Group measures its derivative financial instruments which relate to interest rate swaps at each reporting period. 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 Group 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.			
	2 396	(28 603)	(14 076)
<b>Split between non-current and current portions</b>			
Non-current asset/(liabilities)	2 396	(21 141)	(10 735)
Current asset/(liabilities)		(7 462)	(3 341)
	2 396	(28 603)	(14 076)

# CONDENSED CONSOLIDATED SEGMENT REPORT

for the period ended 30 September 2022

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	
<b>As at 30 September 2022</b>					
Turnover (including straight-line lease adjustment)	67 655	50 793	37 416	12 033	
Reportable segment profit before investment revenue, fair value adjustments and finance costs	55 882	39 322	33 929 <sup>1</sup>	9 236	
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>55 882</b>	<b>39 322</b>	<b>33 929<sup>1</sup></b>	<b>9 236</b>	
<b>Segment assets and liabilities</b>					
Segment assets	1 269 494	900 733	626 173	209 536	
Unallocated assets	–	–	–	–	
<b>Total assets</b>	<b>1 269 494</b>	<b>900 733</b>	<b>626 173</b>	<b>209 536</b>	
Segment liabilities	11 853	5 581	5 907	997	
Unallocated liabilities	–	–	–	–	
Interest-bearing borrowings	–	–	–	–	
<b>Total liabilities</b>	<b>11 853</b>	<b>5 581</b>	<b>5 907</b>	<b>997</b>	
<b>Other segment items</b>					
Interest revenue (external)	118	–	17	–	
Unallocated interest revenue	–	–	–	–	
<b>Investment revenue</b>	<b>118</b>	<b>–</b>	<b>17</b>	<b>–</b>	
<b>Fair value adjustments</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	
Interest expense	–	–	–	–	
Unallocated interest expense	–	–	–	–	
<b>Finance costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	

<sup>1</sup> Includes other income, not included within segment turnover, and relates to insurance claims received during the reporting period.

<sup>2</sup> Includes revenue from the sale of inventory (apartments) - refer to note 4.

The Group classifies the following main segments, which is consistent with the way the Group reports internally: Atteridgeville, Mamelodi, Sebokeng, Limpopo, Heidelberg and Namibia. Head office, Lynnwood and Soweto i.e. non-retail assets, form part of the reconciliation segment that includes the Group's unallocated items. 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.

	Limpopo R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
	16 746	36 823 <sup>2</sup>	385	221 851
	11 795	8 679	–	158 843
	–	–	(20 265)	(20 265)
	11 795	8 679	(20 265)	138 578
	234 435	295 509		3 535 880
	–	–	137 839	137 839
	234 435	295 509	137 839	3 673 719
	2 151	1 278	–	27 767
	–	–	33 068	33 068
	–	–	1 322 516	1 322 516
	2 151	1 278	1 355 584	1 383 351
	8	60	–	203
	–	–	2 106	2 106
	8	60	2 106	2 309
	–	–	–	–
	20	–	–	20
	–	–	50 680	50 680
	20	–	50 680	50 700

Entity-wide disclosure: The Group 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 SEGMENT REPORT** continued

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000
<b>As at 30 September 2021</b>			
Turnover (including straight-line lease adjustment)	66 393	46 829	29 269
Reportable segment profit before investment revenue, fair value adjustments and finance costs	53 120	34 649	19 332 <sup>1</sup>
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>	53 120	34 649	19 332
<b>Segment assets and liabilities</b>			
Segment assets	1 144 982	893 208	565 973
Unallocated assets	–	–	–
<b>Total assets</b>	1 144 982	893 208	565 973
Segment liabilities	7 910	4 377	7 272
Unallocated liabilities	–	–	–
Interest-bearing borrowings	–	–	–
<b>Total liabilities</b>	7 910	4 377	7 272
<b>Other segment items</b>			
Interest revenue (external)	88	29	12
Unallocated interest revenue	–	–	–
<b>Investment revenue</b>	88	29	12
<b>Fair value adjustments</b>	–	–	–
Interest expense	–	–	–
Unallocated interest expense	–	–	–
<b>Finance costs</b>	–	–	–

<sup>1</sup> Includes other income, not included within segment turnover, and relates to insurance claims received during the reporting period.

<sup>2</sup> Includes revenue from the sale of inventory (apartments) - refer to note 4.



	Heidelberg R'000	Limpopo R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
	9 538	15 195	32 278 <sup>2</sup>	2 268	201 770
	6 735	10 887	5 465	–	130 188
	–	–	–	(14 720)	(14 720)
	6 735	10 887	5 465	(14 720)	115 468
					–
	205 657	244 591	360 784		3 415 195
	–	–	–	144 632	144 632
	205 657	244 591	360 784	144 632	3 559 827
	1 087	1 788	3 133		25 567
	–	–	–	53 117	53 117
	–	–	–	1 325 985	1 325 985
	1 087	1 788	3 133	1 379 102	1 404 669
	–	8	30	–	167
	–	–	–	1 870	1 870
	–	8	30	1 870	2 037
	–	–	–	–	–
	–	–	–	–	–
	–	15	–	48 976	48 991
	–	15	–	48 976	48 991

**CONDENSED CONSOLIDATED SEGMENT REPORT** continued

	Atteridgeville R'000	Mamelodi R'000	Sebokeng R'000	
<b>As at 31 March 2022</b>				
Turnover (including straight-line lease adjustment)	130 144	96 574	63 578	
Reportable segment profit before investment revenue, fair value adjustments and finance costs	103 612	72 389	49 178 <sup>1</sup>	
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>72 389</b>	<b>49 178</b>	
<b>Segment assets and liabilities</b>				
Segment assets	1 231 157	898 415	624 673	
Unallocated assets	–	–	–	
<b>Total assets</b>	<b>1 231 157</b>	<b>898 415</b>	<b>624 673</b>	
Segment liabilities	11 224	3 559	5 632	
Unallocated liabilities	–	–	–	
Interest-bearing borrowings	–	–	–	
<b>Total liabilities</b>	<b>11 224</b>	<b>3 559</b>	<b>5 632</b>	
<b>Other segment items</b>				
Interest revenue (external)	192	85	47	
Unallocated interest revenue	–	–	–	
<b>Investment revenue</b>	<b>192</b>	<b>85</b>	<b>47</b>	
<b>Fair value adjustments</b>	<b>89 129</b>	<b>4 752</b>	<b>61 167</b>	
Interest expense	–	–	–	
Unallocated interest expense	–	–	–	
<b>Finance costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	

<sup>1</sup> Includes other income, not included within segment turnover, and relates to insurance claims received during the reporting period.

<sup>2</sup> Includes revenue from the sale of inventory (apartments) - refer to note 4.

	Heidelberg R'000	Limpopo R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
	21 128	31 286	68 749 <sup>2</sup>	4 611	416 068
	15 291	20 959	10 620	–	272 050
	–	–	–	(26 906)	(26 906)
	15 291	20 959	10 620	(26 906)	245 144
	203 017	233 952	317 092	–	3 508 306
	–	–	–	138 247	138 247
	203 017	233 952	317 092	138 247	3 646 553
	958	2 347	684	5 669	30 074
	–	–	–	40 503	40 503
	–	–	–	1 301 499	1 301 499
	958	2 347	684	1 347 671	1 372 076
	2	18	66	–	411
	–	–	–	3 750	3 750
	2	18	66	3 750	4 161
	(15 921)	(9 479)	(16 395)	(16 056)	97 198
	–	31	–	–	31
	–	–	–	98 232	98 232
	–	31	–	98 232	98 264

# 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 33 cents per ordinary share from income reserves for the period ended 30 September 2022 to be paid during December 2022. 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	Thursday, 24 November 2022
Last day to trade cum dividend	Monday, 12 December 2022
Trading ex-dividend commences	Tuesday, 13 December 2022
Record date	Thursday, 15 December 2022
Date of payment	Monday, 19 December 2022

Shares may not be dematerialised or rematerialised between Tuesday, 13 December 2022 and Thursday, 15 December 2022, 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 33 cents per share to be paid in December 2022 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. The income tax number of the Company is 9012/264/14/0.

## TAX IMPLICATIONS FOR SOUTH AFRICAN RESIDENT SHAREHOLDERS

The dividend amount, net of South African dividend tax of 20%, is 26,4 cents (2021: 20 cents) per share for those shareholders who are not exempt from dividend tax. 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 26,4 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 2022 R'000	Six months ended 30 September 2021 R'000
Profit/(loss) for the period	97 783	70 425
Adjusted for:		
Accounting/specific adjustments		
Deferred tax movement recognised in profit or loss	7 608	7 876
Straight-lining operating lease adjustment	(4 801)	(7 460)
Adjustments arising from investment activities		
Gains/losses on disposal of inventory (in relation to gross margin earned)	(1 471)	2 251
Foreign exchange and hedging items		
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(15 204)	(9 787)
<b>SA REIT FFO</b>	<b>83 915</b>	<b>63 305</b>
Number of shares outstanding at the end of the period	257 826 016	257 826 016
SA REIT FFO per share (cents)	33	25*

\* Including the impact of the July 2021 unrest while insurance claims were 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 prior reporting period.

## SA REIT COST-TO-INCOME RATIO

	Six months ended 30 September 2022 R'000	Six months ended 30 September 2021 R'000
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses and administrative expenses)	73 986	80 966
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(132)	(147)
<b>Operating costs</b>	<b>73 854</b>	<b>80 819</b>
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	192 086	175 490
<b>Gross rental income</b>	<b>192 086</b>	<b>175 490</b>
<b>SA REIT cost-to-income ratio</b>	<b>38%</b>	<b>46%*</b>

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

## SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	Six months ended 30 September 2022 R'000	Six months ended 30 September 2021 R'000
Expenses		
Administrative expenses as per IFRS income statement	20 651	16 988
<b>Administrative costs</b>	<b>20 651</b>	<b>16 988</b>
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	192 086	175 490
<b>Gross rental income</b>	<b>192 086</b>	<b>175 490</b>
<b>SA REIT administrative cost-to-income ratio</b>	<b>11%</b>	<b>10%</b>

**ANNEXURE 1: SA REIT DISCLOSURE** continued**SA REIT GLA VACANCY RATE**

	Six months ended 30 September 2022	Six months ended 30 September 2021
GLA of vacant areas (m <sup>2</sup> )	5 102	3 458
GLA of property portfolio (m <sup>2</sup> )	175 167	175 404
<b>SA REIT GLA vacancy rate</b>	<b>2,91%*</b>	1,97%

\* Should Namibia be excluded, the South African portfolio's vacancy factor is 1,14%.

**SA REIT COST OF DEBT**

Six months ended 30 September 2022	Three-month JIBAR- linked loans %	Prime- linked loans %	Weighted combined SA REIT cost of debt %
<b>Variable interest rate borrowings</b>			
Floating reference rate plus weighted average margin	8,69	8,25	8,67
<b>Fixed interest rate borrowings</b>			
Weighted average fixed rate	–	–	–
<b>Pre-adjusted weighted average cost of debt</b>	<b>8,69</b>	<b>8,25</b>	<b>8,67</b>
<i>Adjustments:</i>			
Impact of interest rate derivatives	0,28	–	0,26
Impact of cross-currency interest rate swaps (no cross-currency swaps)	–	–	–
Amortised transaction costs imputed into the effective interest rate	0,01	1,10	0,01
<b>All-in weighted average cost of debt</b>	<b>8,97</b>	<b>8,35</b>	<b>8,94</b>



## SA REIT LTV

	Six months ended 30 September 2022 R'000	Six months ended 30 September 2021 R'000
Gross debt	1 322 516	1 325 985
<i>Less:</i>		
Cash and cash equivalents (including short-term deposits)	(13 464)	(6 965)
<i>Add:</i>		
Derivative financial instruments	–	28 603
<b>Net debt</b>	<b>1 309 052</b>	<b>1 347 623</b>
Total assets – per statement of financial position	3 673 719	3 559 827
<i>Less:</i>		
Cash and cash equivalents (including short-term deposits)	(13 464)	(6 965)
Derivative financial assets	(2 396)	–
Trade and other receivables	(62 570)	(64 692)
<b>Carrying amount of property-related assets</b>	<b>3 595 289</b>	<b>3 488 170</b>
<b>SA REIT LTV</b>	<b>36%</b>	<b>39%</b>

**ANNEXURE 1: SA REIT DISCLOSURE** continued**SA REIT NAV PER SHARE**

	Six months ended 30 September 2022 R'000	Six months ended 30 September 2021 R'000
Reported NAV	2 290 368	2 155 158
<i>Adjusted for:</i>		
Dividend declared	(85 083)	(64 457)
Fair value of derivative financial instruments	(2 396)	28 603
Deferred tax	5 076	(3 141)
<b>SA REIT NAV</b>	<b>2 207 965</b>	<b>2 116 163</b>
Number of shares outstanding at the end of the period	257 826 016	257 826 016
<b>SA REIT NAV (Rand per share)</b>	<b>8,56</b>	<b>8,21</b>

# 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](mailto:info@safari-investments.com)  
Website: [www.safari-investments.com](http://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: 410 Lynnwood Road, Lynnwood, Pretoria 0081

## DIRECTORS

**SB Herring** (*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](mailto:talana@safari-investments.com)

Or alternatively

#### **DIRK ENGELBRECHT**

Chief Executive Officer

Safari Investments RSA Limited

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✉ [reception@safari-investments.com](mailto:reception@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/](http://www.safari-investments.com/investor-relations/)**