

**2022**

INTEGRATED ANNUAL REPORT  
FOR THE YEAR ENDED 31 MARCH

# ABOUT THIS REPORT

This Integrated Annual Report presents the financial, operational, social and environmental performance of Safari Investments RSA Limited and its subsidiary Safari Investments Namibia Proprietary Limited (hereinafter referred to as “Safari” or “the Group”) to stakeholders for the period 1 April 2021 to 31 March 2022. In order to provide a concise overview of the business, business model and strategy, it includes a range of financial and non-financial disclosures, performance measures and reviews over the year. This will enable stakeholders to objectively assess the Group’s ability to create and sustain value in the future.

The Integrated Annual Report provides information on the Group and highlights the Group’s corporate governance principles, growth strategy and financial performance, and the social, environmental and economic sphere in which the Group operates. The Group has continued to build on its commitment to provide stakeholders with information to maintain their trust and confidence in Safari.

The content is intended to enhance your understanding and appraisal of the Group and its prospects and we remain committed to improving our reporting to our stakeholders. Any feedback to improve reporting in future will be welcomed. Comments can be sent to [info@safari-investments.com](mailto:info@safari-investments.com).

### FRAMEWORK APPLIED

The framework is in accordance with best practice and applies the principles of the following:

- King IV Report on Corporate Governance for South Africa, 2016™ (“King IV™”);
- JSE Limited (“JSE”) Listings Requirements;
- Companies Act 71 of 2008, as amended (“Companies Act”); and
- International Integrated Reporting Council <IR> Framework.

The financial information provided in the annual financial statements commencing on [page 69](#) has been prepared in accordance with International Financial Reporting Standards (“IFRS”), SAICA’s Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Council and the Companies Act. Detailed statements on how Safari has applied the principles contained in King IV™ can be viewed on our website [www.safari-investments.com](http://www.safari-investments.com).

Report published: 29 June 2022

™ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

### ASSURANCE AND BOARD RESPONSIBILITY STATEMENT

Safari continues to develop and apply a combined assurance model, providing management and the Board with confidence regarding the information disclosed. The Group strives to achieve high standards in all disclosures and management reviews. The annual financial statements were independently audited by BDO South Africa Incorporated, and the Board of the Group, supported by the Audit and Risk Committee, has approved this Integrated Annual Report.

The Safari Board acknowledges its responsibility to ensure the integrity of this Integrated Annual Report for the 2022 financial year. The Board has accordingly applied its judgement and, in its opinion, this Integrated Annual Report addresses all material matters and offers a holistic view of the performance of Safari and its impacts.

The Board authorised the publication of the Integrated Annual Report on 22 June 2022.



**SB Herring**  
Chairperson



**DC Engelbrecht**  
Chief Executive Officer  
("CEO")



**WL Venter**  
Chief Financial Officer  
("CFO")



**Dr MT Matshoba-Ramuedzisi**  
Lead Independent  
Non-executive



**GJ Heron**  
Independent  
Non-executive



**MH Muller**  
Independent  
Non-executive



**Dr PA Pienaar**  
Independent  
Non-executive

# CONTENTS

About this report	IFC	<b>ENVIRONMENTAL, SOCIAL AND GOVERNANCE REVIEW</b>		<b>ANNUAL FINANCIAL STATEMENTS</b>		<b>SHAREHOLDERS' INFORMATION</b>	
<b>STRATEGIC OVERVIEW</b>		Environmental, social and governance review	30	Directors' responsibility and approval	70	Notice of Annual General Meeting	138
Who we are	2	Environmental stewardship	32	Chief Executive Officer's and Chief Financial Officer's responsibility statement	71	Electronic participation	145
Our business model	4	Social responsibility	34	Certificate by the Group Company Secretary	72	Form of proxy	147
Our strategy at a glance	6	Safari Board	42	Directors' report	73	Notes to the form of proxy	149
Chairperson's report	8	Board Charter	45	Audit and Risk Committee report	76	Abbreviations	150
		Board Committees	50	Independent auditor's report	79	Corporate information	IBC
<b>ANNUAL PERFORMANCE REVIEW</b>		Application of the King IV Report on Corporate Governance for South Africa™	63	Statement of financial position	82		
New developments	10	REIT and REIT taxation legislation	68	Statement of profit or loss and other comprehensive income	83		
Property portfolio	12			Statement of changes in equity	84		
2022 performance overview	16			Statement of cash flows	85		
Five-year financial review	18			Notes to the annual financial statements	86		
Monitoring our performance	19			Analysis of ordinary shareholders	130		
Chief Executive Officer's review	20			Property portfolio	132		
Risk management	22			Annexure 1: SA REIT disclosure	134		
Stakeholder Engagement Policy	24						

# WHO WE ARE

### OUR MISSION

- Building a property portfolio which offers:
- **To our investors**  
Investments that deliver long-term income and capital growth
  - **To our communities**  
Social and environmental sustainability
  - **To our tenants and their clients**  
Highly sought-after spaces
  - **To our employees**  
A secure and sustainable future

Safari Investments RSA Limited is a property investment company listed on the 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.

At Safari, we work to unlock value through prudent asset management, yield-enhancing acquisitions and sensible development or redevelopment opportunities while maintaining a clear and focused investment strategy in line with our risk appetite and company culture. REITs provide an investment opportunity for anyone to own real estate and benefit from real estate investments. REITs like Safari are an effective way to revitalise neighbourhoods, give access to community essential goods and services, and build the infrastructure of tomorrow – all this while creating job opportunities and economic activity along the way.

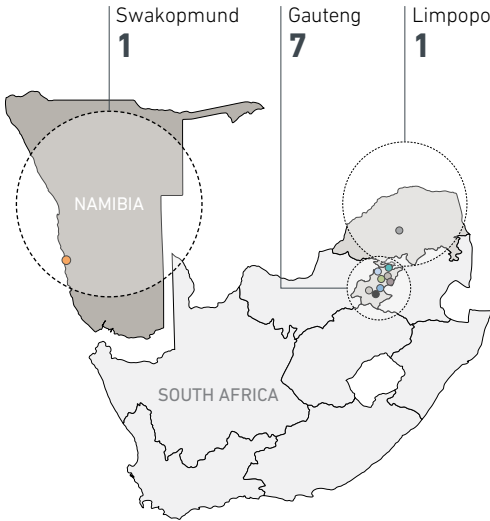
### OUR VALUES

- **Quality**  
Unlocking and delivering high-quality assets
- **Innovation**  
Finding opportunities in the market through creative thinking
- **Improvement**  
Making a difference for the better of our stakeholders
- **Integrity**  
Acting honestly and ethically in all we do

<b>ATLYN</b> Atteridgeville (cnr Phudufufu and Khoza Streets)	<b>DENLYN</b> Mamelodi (cnr Stormvoël and Maphalla Roads)	<b>MNANDI</b> Atteridgeville (Maunde Street)	<b>THABONG</b> Sebokeng (Moshoeshoe Street)	<b>VICTORIAN VILLAGE</b> Heidelberg (cnr Voortrekker and Jordaan Streets)	<b>PLATZ AM MEER</b> Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	<b>SOWETO DAY HOSPITAL</b> Soweto (R558, Protea Glen)	<b>NKOMO VILLAGE</b> Atteridgeville (49 Tlou Street)	<b>THORNHILL</b> Polokwane (cnr Veldspaat Street and Munnik Avenue)	<b>LYNNWOOD</b> Pretoria (cnr Lynnwood Road and Rodericks)
---	---	--	---	---	---	---	--	---	--

99%  
<1%

Retail  
Medical  
Office  
Living



- 9  
Income-generating assets
- 15  
Residential units in stock (including units not transferred yet at year-end)
- 5  
Vacant stands
- 13 000m<sup>2</sup>  
Total area of Lynnwood property

<b>VACANCY RATE</b> <b>1,9%</b> (2021: 2,4%)	<b>NATIONAL TENANTS (RENTABLE AREA)</b> <b>87%</b> (2021: 87%)	<b>AVERAGE ANNUALISED PROPERTY YIELD</b> <b>8,21%</b> (2021: 7,72%*)
<b>VALUATION OF PROPERTY PORTFOLIO</b> <b>R3,54 billion</b> (2021: R3,46 billion)	<b>MARKET CAPITALISATION AS AT 31 MARCH</b> <b>R1,71 billion</b> (2021: R1,18 billion)	<b>GROUP TOTAL ASSETS</b> <b>R3,65 billion</b> (2021: R3,55 billion)
<b>OPERATING PROFIT</b> <b>R245 million</b> (2021: R215 million*)		<b>VALUE OF SHARES TRADED</b> <b>R352,5 million</b> (2021: R76,8 million)
<b>TOTAL RENTAL AREA M<sup>2</sup> OF PORTFOLIO</b> <b>175 512m<sup>2</sup></b> (2021: 175 123m <sup>2</sup> )		<b>WEIGHTED AVERAGE TRADING DENSITY FOR THE PORTFOLIO</b> <b>R36 243/m<sup>2</sup></b> (2021: R36 115/m <sup>2</sup> )
<b>MONTHLY WEIGHTED AVERAGE GROSS RENTAL/M<sup>2</sup></b> <b>R171/m<sup>2</sup></b> (2021: R149/m <sup>2</sup> *)		<b>WEIGHTED AVERAGE ANNUAL GROSS RENTAL</b> <b>+12,65% TOTAL PORTFOLIO</b> (2021: -0,77%*)
<b>SA REIT LOAN-TO-VALUE</b> <b>37%</b> (2021: 39%)	<b>DIVIDEND PER SHARE</b> <b>57 cents</b> (2021: 42 cents)	<b>RENTAL REVERSION</b> <b>+1,15%</b> (2021: -2,5%)
<b>SA REIT NET ASSET VALUE PER SHARE</b> <b>R8,55</b> (2021: R8,19)		<b>GROWTH IN PROPERTY REVENUE</b> <b>14%</b> (2021: 0%*)

\* Including the impact of temporary COVID-19 relief.

# OUR BUSINESS MODEL

CAPITAL INPUTS

## INTELLECTUAL RESOURCES

- Asset management and facilities management expertise is applied throughout the portfolio with internal managers; no outsourcing to brokers
- MDA Property Systems software is used for financial reporting. This is a single integrated property and financial software management system simplifying the flow of information for management reporting, data collection, analysis, invoicing and decision-making. MDA is the leading provider of software for property and facilities managers in the market
- Mpowered B-BBEE Compliance Management software is used as an internal supporting tool in monitoring broad-based black economic empowerment ("BBBEE") and transformation
- Internet fibre infrastructure is in place at most centres running on a three-tier system that simplifies internet connectivity and availability of service for tenants and shoppers
- Free Wi-Fi is available at centres for shopper convenience and collection of valuable customer behaviour data gaining insight into preferences, demographics, dwell time and more
- Intelligent video analytics through on-site cameras assists with foot count and shopper behaviour data
- Market research is conducted through specialist studies including spatial planning and property market analysis to best understand local and surrounding market dynamics

## MANUFACTURED RESOURCES

- Nine income-producing investment properties
- Primary focus is on the convenience retail sector
- Potential ancillary or value-adding assets like fuel stations are incorporated
- Development of bulk reserve at appropriate time intervals
- Consideration of property acquisitions that fit our portfolio and investment criteria

## HUMAN RESOURCES

- An internalised asset and property management team and portfolio leasing staff as well as on-site centre managers overseeing daily operations at all retail properties
- Security services is internalised in a joint venture entity
- Board of seven members comprising a healthy spread of professionals in the property and business industry
- Five Board Subcommittees
- Internal Company Secretary function
- Continuous investment in training and employee development

## NATURAL RESOURCES

- Environmental impact is carefully considered with new acquisitions, expansions and refurbishments
- Sustainable water models phased in from 2022
- Solar power systems in place at retail centres and adding or expanding solar systems to optimal capacity where feasible
- Recycling of waste material and professional waste sorting
- Green building initiatives are considered and incorporated where feasible
- Natural light and ventilation maximised inside buildings

## SOCIAL AND RELATIONSHIP RESOURCES

- Strong geographical concentration of assets in emerging sector
- Transformation manager overseeing BBBEE
- Internship and learnership programmes
- Involved in and initiating many social and philanthropic projects within the communities residing around our centres
- Retail centres are linked directly to public transport networks
- Health, safety and security measures are in place at all sites
- In an ideal position to enhance consumer experience through the development of holistic business nodes
- Relationships and engagement with our communities are prioritised
- Safari's balanced and combined service offerings serve communities well

## FINANCIAL RESOURCES

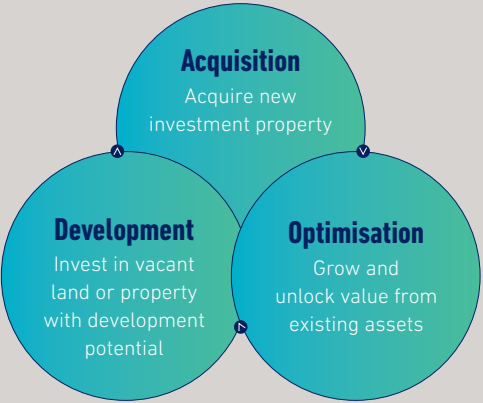
- Capital growth and dividend income to shareholders
- Disciplined cost management
- Tax contributions to authorities
- Credit rating strength and access to funding
- Centres have economic impact offering business and employment opportunities

## INVESTMENT PROPOSITION

- Listed on the JSE in April 2014
- Portfolio of eight prime retail properties
- Focused on convenience and small regional shopping centres
- A balanced and carefully selected tenant mix with a high percentage national tenancy
- Simple corporate structure with lean, highly experienced management team

## ACTIVITIES

The aim is to create value for all our stakeholders through selective income-generating assets and by optimising these assets to full potential. Our activities include a combination of:



CAPITAL OUTCOMES

- Alignment and integration of the Group's strategic goals through engaged and competent employees and leadership resulting in an empowered organisation with competitive strength in the market
- Realising potential through selective property development, redevelopment and acquisition opportunities that extract maximum value
- Responsible delivery of buildings, products and activities in line with environmental, social and governance ("ESG") principles
- Economic growth and employment opportunities, employee loyalty and satisfaction
- Safari environment known for mentorship, learning and development of skills
- Strong community cohesion and support in fostering relationships, loyalty and trust
- Economic prosperity of organisations and communities and increased investor interest
- Strong cash flow and healthy gearing ratio
- Reliable data and transparency across the business



# OUR STRATEGY AT A GLANCE



GROWTH

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



EFFICIENCY

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



BRAND

Strengthen the Safari brand by promoting high standards of environmental protection and social relations under good corporate governance and in line with ESG principles

OUR VISION

To become a leading retail-focused REIT on the JSE through selective property investments while driving sustainable growth and materialising shareholder return above the market average.

OUR MISSION

Building a property portfolio which offers:

- **To our investors**  
Investments that deliver long-term income and capital growth
- **To our communities**  
Social and environmental sustainability
- **To our tenants and their clients**  
Highly sought-after spaces
- **To our employees**  
A secure and sustainable future

OUR VALUES

- **Quality**  
Unlocking and delivering high-quality assets
- **Innovation**  
Finding opportunities in the market through creative thinking
- **Improvement**  
Making a difference for the better of our stakeholders
- **Integrity**  
Acting honestly and ethically in all we do



STRATEGIC GROWTH WITH A SPECIALISED FOCUS...

Why?

Grow Safari's asset value to unlock funding opportunities for developments and acquisitions. Through growth we can increase income distribution and stimulate share liquidity.

How?

By working intentionally on unlocking value through yield-enhancing acquisitions, prudent asset management and pursuing development opportunities while maintaining a clear and focused investment strategy in line with our risk appetite and company culture supported by our shareholders.

Progress

- Resolved to stay focused on quality assets in the South African retail sector and narrowed our focus to convenience and small regional retail assets
- Strategy formulated for disposal of non-core assets
- Defined parameters and criteria for new assets in order to deliver solid and yield-accretive growth
- Efficient management of capital structures and debt
- Considering development and acquisition opportunities in line with our investment guidelines

Future outlook

- Look for opportunities to expand existing assets where we have available bulk reserve for optimisation of assets
- Continue to explore potential ancillary assets such as the addition of filling stations
- Stay focused and competitive in terms of Safari's offering
- Continue to consider yield-accretive new developments, acquisitions and redevelopments

PROPERTY PORTFOLIO INCREASED BY <b>2,3%</b> TO R3,54 BILLION	SA REIT NET ASSET VALUE PER SHARE INCREASED BY <b>4,4%</b>	ANNUAL DISTRIBUTION INCREASED BY <b>36%</b>
--	---	--



EFFICIENCY, SUSTAINABILITY, DOMINANCE...

Why?

Optimum efficiencies in our core business will strengthen distributable income streams and positively impact our share liquidity and market cap and unlock faster growth.

How?

Through effective operational management of assets with a focus on efficiency at all levels as we aim for dominance of our assets in our target market.

Progress

- A focused leasing strategy followed aiming for low vacancies, positive reversion, tenant retention and the right tenant mix
- Maintained healthy tenant occupancy rates
- Maintained net operating expenses at an acceptable level
- Efficient management of capital structures and debt
- Solar installations and borehole water models provide significant utility cost savings

Future outlook

- Use tenant lease expiries as opportunities to improve tenant mix
- Explore and extract sources of non-gross lettable area ("GLA") revenue
- Retain dominance and appeal through a proactive approach to repairs and maintenance
- Unlock value-added services crucial to emerging markets
- Install backup water/borehole models at more retail assets

<b>98%</b> OCCUPANCY	TENANT RETENTION <b>86%</b>	<b>R365,5 million</b> PROPERTY REVENUE
-------------------------	--------------------------------	---



INCLUSIVITY, TRANSFORMATION, RELATIONS AND GOVERNANCE...

Why?

The Safari brand must stand out as an attractive investment in a highly competitive environment while promoting high standards of environmental protection, ethics and healthy social relations, all under good corporate governance.

How?

By operating in line with ESG principles.

Progress

- Renewed focus and improved reporting on non-financial factors of ESG that are central in measuring the societal impact of a business
- Continued supporting various social projects in our communities that have a far-reaching impact on loyalty to the Safari brand
- SETA-accredited learnership course relating to general business administration, project management and business management
- Detailed investor relations programme whereby regular interaction and communication is planned for
- Board enlarged to seven members

Future outlook

- Give increased attention to the environmental impact of our affairs, ensuring sustainable initiatives with a positive impact on the environment
- Continue to pursue sustainable and worthy corporate social investment ("CSI") projects
- Continue building strong relations with our surrounding communities
- Refine marketing campaigns for the Safari brand to reach a wider network of businesses, professionals and potential future investors
- Cultivate learning, mentorship and training within the workplace

SOLAR POWER SYSTEMS PRODUCED <b>8 030mWh</b> OF RENEWABLE ENERGY	<b>40%</b> OF WASTE OUTPUT RECYCLED	<b>32</b> ACTIVE SAFARI CSI INITIATIVES
--	--	---

# CHAIRPERSON'S REPORT

**"The only constant in life is change."**

This financial year will unfortunately be remembered for the worst riots South Africans have experienced since 1994. The authorities were stretched beyond their limits, but we witnessed the loyalty of entire communities protecting our centres alongside our centre management.

After the July unrest, Safari joined forces with Heriot Properties Proprietary Limited ("Heriot Properties") to improve security across the portfolio and security is now managed on an in-house basis. With a heightened sense of our social responsibility, we have also enhanced and increased our corporate social initiatives in support of the communities located around our centres. Even though widespread damage occurred to Safari's Thabong Shopping Centre in Sebokeng, we were fortunate that the local communities supported us where possible and our thanks goes out to each individual who took a stand to limit the damage.

COVID-19 continued to be a challenge during the period under review. This had an impact on rental income but we continued to show support to our tenants.

I would like to thank Greg Heron for handing over the Chair to myself in such amicable fashion. Greg is a first-class citizen and continues to act as a Non-executive Director of Safari, hopefully for years to come. Safari continues to be managed by a team of capable

and energetic executives and I am enjoying engaging with them on a regular basis. Independent Non-executives Dr Pine Pienaar, Dr Tumeka Matshoba-Ramuedzisi and Marius Muller make up the balance of this competent team. There is good harmony at Board level and we will continue to focus on shareholders' interests.

The Board has agreed to dispose of certain non-core assets over the next few months and will focus on developing assets where opportunities arise as well as expanding retail assets where demand exists.

We expect challenges to remain in the short term such as increased interest rates, while we are looking at solutions to improve share liquidity.

My sincere thanks to all of the Board members for staying the course, to our capital and service providers for their continued support and to our tenants and their customers for partnering with us on this journey.



**SB Herring**  
Chairperson

22 June 2022

## ANNUAL PERFORMANCE REVIEW



# NEW DEVELOPMENTS

Yield-accretive new developments and acquisitions are actively pursued by Safari as an integral part of its strategy.

## VICTORIAN VILLAGE REFURBISHMENT

Heidelberg

(cnr Voortrekker and Jordaan Streets)



**Project value**  
R54 million

**Project yield**  
9,2%

**Relaunched**  
March 2022

Refurbishment of this 25 year old centre reaffirmed its dominance in the Heidelberg region. The project included rightsizing of tenants, the inclusion of Dischem, and opening for the first time in Heidelberg Jonsson Workwear, West Pack and Petzone.



## NKOMO VILLAGE EXPANSION

Atteridgeville

(49 Tlou Street)



**Project value**  
R63 million

**Forward yield**  
11,6%

**Anticipated opening**  
December 2022

With approximately 5 000m<sup>2</sup> additional GLA to Nkomo Village, the centre will accommodate Shoprite, Shoprite Liquor, Pep Home, Ackermans Connect, Mr Price and the first Burger King for Atteridgeville. This expansion is purely driven by the centre's exceptional trading and continued increase in market demand.



## DENLYN REFURBISHMENT

Mamelodi

(cnr Stormvoël and Maphalla Roads)



**Project value**  
R34 million

**Anticipated opening**  
Q4 2023

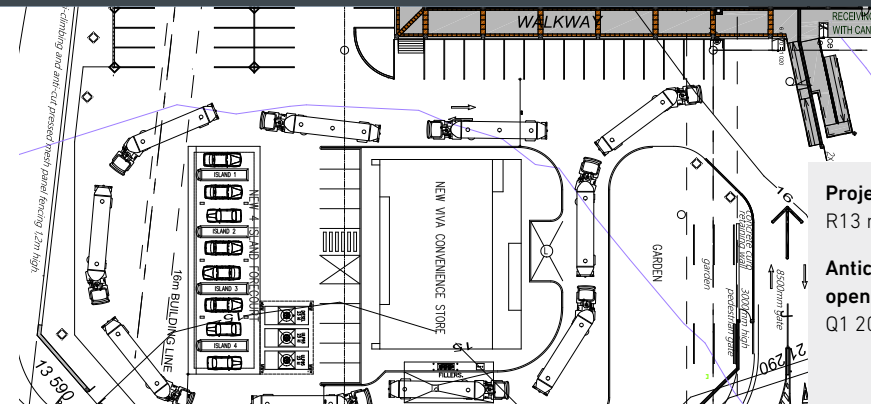
Renovating the 20 year old centre with a new modern look and feel will ensure that it retains its dominance and Denlyn to remain the preferred shopping destination in Mamelodi.



## VIVA FUEL STATION AT MNANDI

Atteridgeville

(Maunde Street)



**Project value**  
R13 million

**Anticipated opening**  
Q1 2023

This development strategically adds a new fuel station on the main carriageway into Atteridgeville. It will strengthen Mnandi's location as a convenience shopping destination in this node.

## LYNNWOOD MIXED-USE DEVELOPMENT

Pretoria

(cnr Lynnwood Road and Rodericks)



The development of a mixed-use centre is planned for this popular site in Lynnwood.

**Size:** ± 13 000m<sup>2</sup>

**Proposed retail:** ± 5 400m<sup>2</sup>

**Proposed offices:** ± 2 000m<sup>2</sup>

**Proposed residential:** ± 70 units



# PROPERTY PORTFOLIO

The Safari portfolio primarily comprises dominant well-located convenience retail centres, largely underpinned by national tenants on long-term contractual leases.

## ATLYN

Atteridgeville  
(cnr Phudufufu and Khoza Streets)



Trading since	2006
Number of shops	93
Total rentable area	31 238m <sup>2</sup>
Investment value	R657 700 000
Trading density	R33 089/m <sup>2</sup> per annum
National tenants	87%
Anchor tenant	Shoprite
Occupancy levels	99,96%

## MNANDI

Atteridgeville  
(Maunde Street)



Trading since	2015
Number of shops	30
Total rentable area	8 717m <sup>2</sup>
Investment value	R157 000 000
Trading density	R24 702/m <sup>2</sup> per annum
National tenants	82%
Anchor tenant	Pick n Pay
Occupancy levels	99,94%

## DENLYN

Mamelodi  
(cnr Stormvoël and Maphalla Roads)



Trading since	2003
Number of shops	117
Total rentable area	34 670m <sup>2</sup>
Investment value	R895 700 000
Trading density	R36 658/m <sup>2</sup> per annum
National tenants	88%
Anchor tenants	Shoprite, SuperSpar, Boxer
Occupancy levels	100%

## THABONG

Sebokeng  
(Moshoeshoe Street)



Trading since	2007
Number of shops	104
Total rentable area	34 650m <sup>2</sup>
Investment value	R622 400 000*
Trading density	R37 031/m <sup>2</sup> per annum
National tenants	87%
Anchor tenants	Boxer, Pick n Pay, SuperSpar
Occupancy levels	99,18%

\* Includes additional bulk.

### Sector





PROPERTY PORTFOLIO continued

Sector

-  Retail
-  Living
-  Medical
-  Office

VICTORIAN VILLAGE  
Heidelberg  
(cnr Voortrekker and Jordaan Streets)



Trading since	1997
Number of shops	34
Total rentable area	12 013m <sup>2</sup>
Investment value	R202 900 000
Trading density	R56 496/m <sup>2</sup> per annum
National tenants	98%
Anchor tenant	Pick n Pay
Occupancy levels	95,06%

THORNHILL  
Polokwane  
(cnr Veldspaat Street and Munnik Avenue)



Trading since	2009
Number of shops	32
Total rentable area	12 390m <sup>2</sup>
Investment value	R233 500 000
Trading density	R36 550/m <sup>2</sup> per annum
National tenants	94%
Anchor tenant	SuperSpar, Food Lover's Market
Occupancy levels	99,80%



PLATZ AM MEER  
Swakopmund, Namibia  
(cnr Albatros and Tsavorite Streets)



Trading since	2016
Number of shops	67
Total rentable area	21 179m <sup>2</sup>
Investment value	R254 862 400*
Trading density	R29 779/m <sup>2</sup> per annum
National tenants	69%
Anchor tenant	Checkers
Occupancy levels	91,97%



NKOMO VILLAGE  
Atteridgeville  
(49 Tlou Street)



Trading since	2018
Number of shops	61
Total rentable area	19 275m <sup>2</sup>
Investment value	R408 600 000
Trading density	R38 689/m <sup>2</sup> per annum
National tenants	91%
Anchor tenants	Boxer, Pick n Pay, Food Lover's Market
Occupancy levels	96,57%

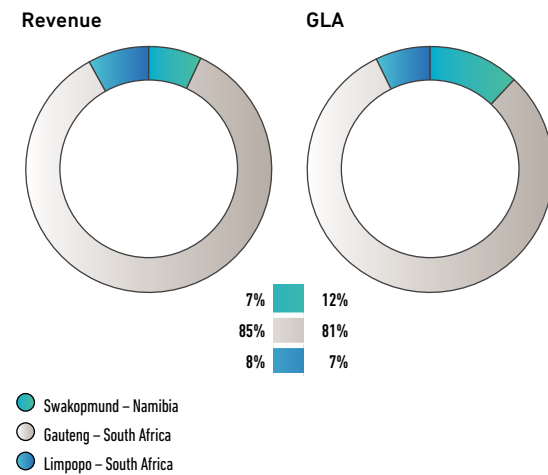


\* Includes additional bulk.

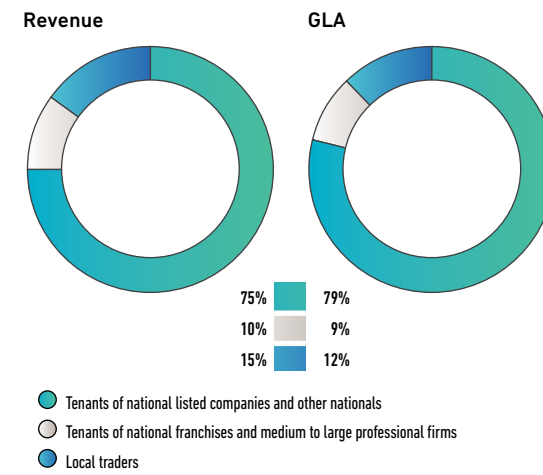


# 2022 PERFORMANCE OVERVIEW

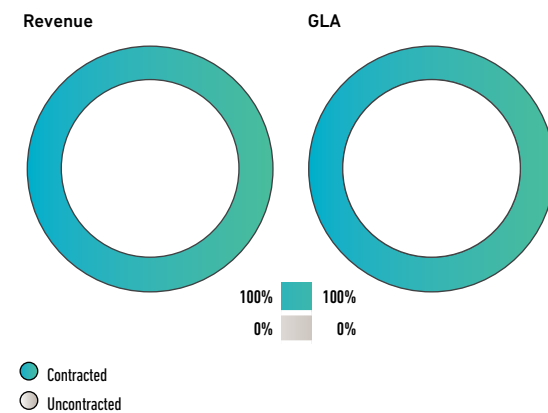
## Geographical spread



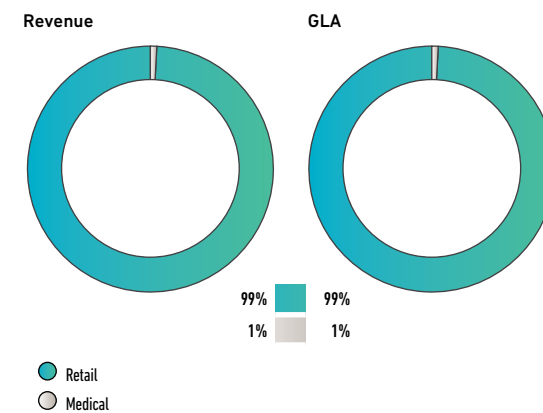
## Total tenant mix



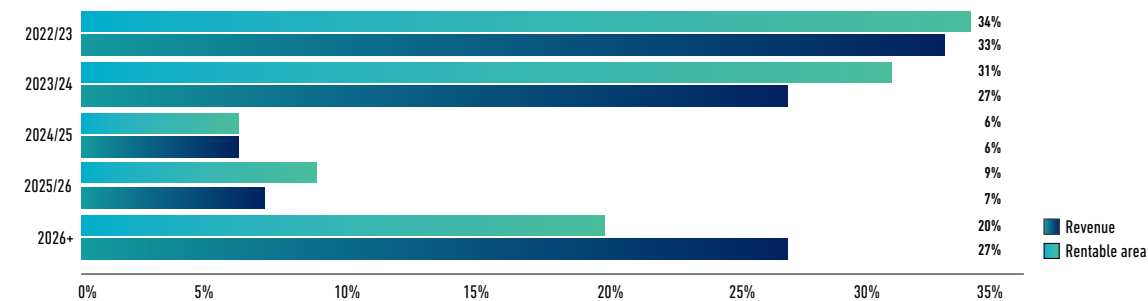
## Contracted versus uncontracted



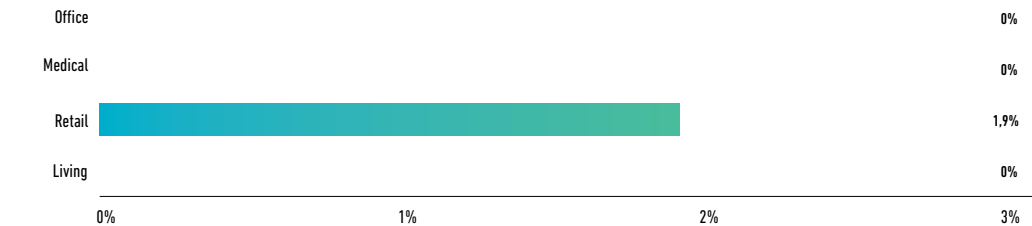
## Sectoral spread



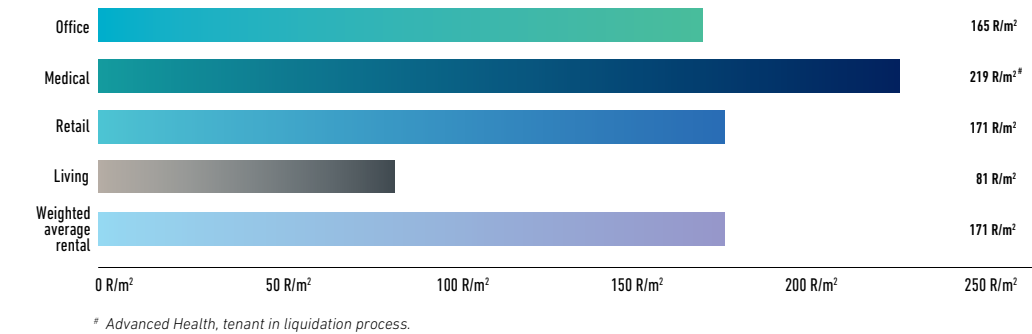
## Lease expiry profile of the portfolio



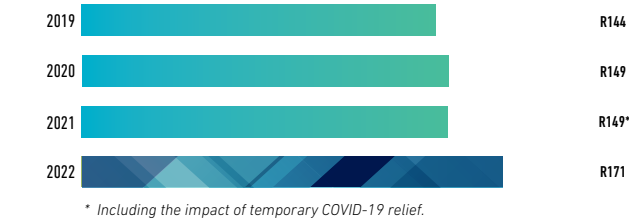
## Vacancy profile by sector by rentable area



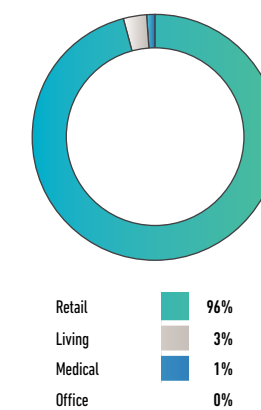
## Average rental for portfolio by rentable area



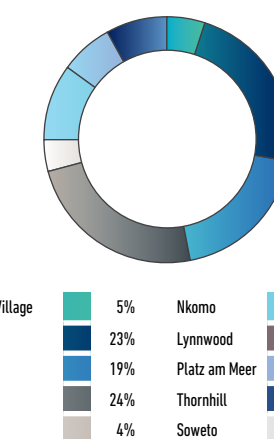
## Weighted average gross rent per m² achieved



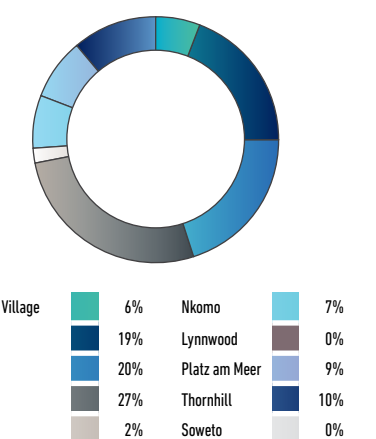
## Portfolio value



## Property income



## Property expenses



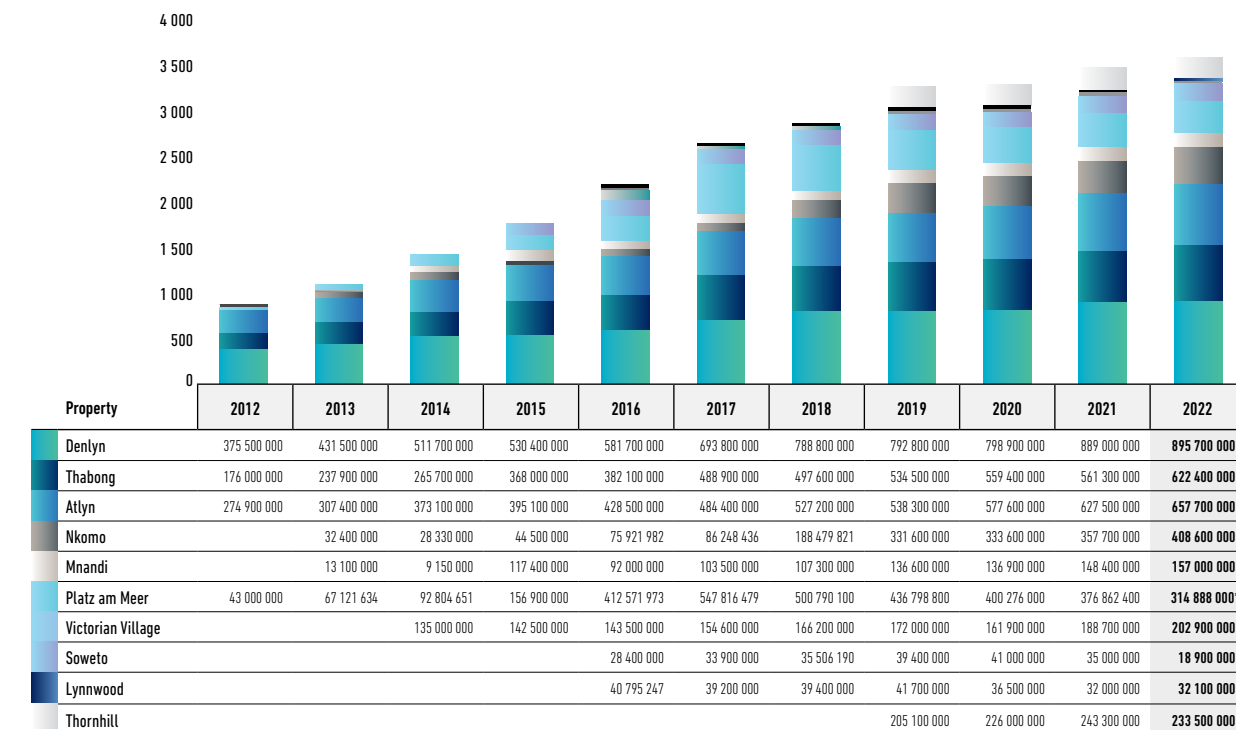
# FIVE-YEAR FINANCIAL REVIEW

	2022 R	2021 R	2020 R	2019 R	2018 R
Property revenue	365 478 373 <sup>1</sup>	320 898 551	320 786 920	275 978 654	240 998 870
Property revenue year-on-year	14%	0%	16%	15%	18%
Operating expenses	157 790 434 <sup>1</sup>	116 993 085	114 830 672	104 321 828	70 890 780
Operating expenses year-on-year	35% <sup>1</sup>	2%	10%	47%	15%
Property expenses as % of property revenue	26%	27%	24%	26%	25%
Investment property	3 388 586 159	3 245 809 596	3 058 198 009	3 009 003 845	2 638 537 718
Investment property year-on-year	4%	6%	2%	14%	9%
Total asset value	3 646 553 000	3 554 149 000	3 372 719 000	3 320 511 000	2 939 779 000
Total asset value year-on-year	3%	5%	2%	13%	11%
Inventory	60 026 000 <sup>2</sup>	106 000 000	122 684 400	153 438 300	169 648 600
Inventory year-on-year	(43%)	(14%)	(20%)	(10%)	(3%)
Vacancy	1,9%	2,4%	3,3%	2,6%	2%
Total rentable area (m <sup>2</sup> )	175 512	175 123	175 135	174 583	134 823
Rentable area year-on-year	0,22%	(0,01%)	0,3%	29%	

<sup>1</sup> Including the impact of July 2021 riots.

<sup>2</sup> Note that inventory units are sold off over time thus value should be decreasing.

## Property portfolio value – R3,543 billion



\* Including unsold apartments.

# MONITORING OUR PERFORMANCE

Our progress is measured against our strategic objectives using financial and non-financial indicators.

## Occupancy



## Weighted average gross rent per m<sup>2</sup> achieved



\* Including the impact of temporary COVID-19 relief.

## Tenant retention



## Reversion ratio



## SA REIT cost-to-income



## SA REIT loan-to-value



## Basic headline earnings per share



\* Including the impact of temporary COVID-19 relief.

## Distribution



# CHIEF EXECUTIVE OFFICER'S REVIEW

**“It is with gratitude that I can report that, amid the challenging circumstances, Safari remained steadfast and achieved solid results showing the resilience of our assets and the dedication and expertise of our team.”**

When reporting on a year's performance, one tends to look only at traditional financial and property performance measures. As we shifted from a global pandemic to civil unrest it is easy to focus only on the negatives and forget the many positive and inspiring moments we have experienced. This year I have witnessed strong financial performance at Safari but what stood out for me, was seeing communities standing together to protect what is valuable to them – not only brick and mortar, but a place where they can be a community, spend time together and call home. I have experienced the determination of a team that inspires its colleagues and tenants to remain confident and strive for the best. The events over the past two years confirmed the loyalty of our communities and the immeasurable value of our team. While we expect the global and local economic climates to remain fragile, I am confident that Safari has the means to continue to perform above average in the communities where our assets are rooted. The Group's property portfolio is in a very strong position and we are set for growth as is evident from the positive results reflected in this report.

## OPERATIONAL REVIEW

On the operational side, we continued to focus on ensuring that our assets remain dominant in the market. The year's results are underpinned by well-positioned assets and efficiencies in management. Trading densities are showing growth, occupancy improved year-on-year to a very healthy 98,1%, with a positive rental reversion

of +1,15% on all leases renewed or replaced during the year.

Moving from outsourced security suppliers to a security function now in-house in a joint venture with Heriot Properties is another positive for the Group. The newly formed HS Secure has taken over the security services at the majority of Safari and Heriot REIT Limited (“Heriot”) retail sites with the aim of improving services and allowing management a more hands-on and controlled approach to securing and safeguarding Safari's shopping centres and shoppers.

Safari has earmarked non-core assets for disposal in line with its strategy to focus on retail assets in semi-urban and township areas. The disposal of these assets is in line with the Board's objective to optimise capital allocation and focus on higher-yielding retail opportunities. The majority of the 36 residential apartments originally forming part of the Platz am Meer mixed-used development have been sold. Safari is confident that the remaining units in stock will be sold during the 2023 financial year while the medium- to longer-term view is for Safari to exit Namibia and focus on the South African retail landscape.

The unfortunate period of civil unrest in South Africa in July 2021 resulted in material damage to certain assets, most notably at Thabong Shopping Centre in Sebokeng. To date, Safari incurred R27 million in expenses for material repairs, while compensation payments

received from Sasria amount to R26,1 million to date. This event naturally caused severe business interruption, again mainly at Thabong Shopping Centre. Rent relief granted to tenants for the period of closure and repairs totalled approximately R11 million to date with interim payments of R7,1 million received from the insurer.

After the damage caused by the civil unrest in July 2021, the restoration of Thabong Shopping Centre provided a unique opportunity to optimise its tenant mix. Repositioning and right-sizing of the Standard Bank and Nedbank branches was completed successfully. Ackermans was increased in size, SportScene relocated to a larger premises and a Sneaker Factory was added. Ackermans Connect opened for trade in February 2022 and it is anticipated that Shoprite, a fourth anchor, together with a Shoprite Liquor, will open by Q1 2023.

## EXPANSION PROJECTS

Opportunities to enhance capital efficiency are actively pursued by the Board of Safari as the Group is positioning its business for growth. Improving the size and quality of leased properties is a key priority for the coming year as refurbishments, more solar investments, sustainable water management infrastructure and ancillary services are being rolled out. Safari's current projects include the refurbishment of the Victorian Village Shopping Centre in Heidelberg, the expansion of Nkomo Village Shopping Centre in Atteridgeville, the addition of a filling station at Mnandi Shopping Centre and

planning for the development of a mixed-use precinct at Safari's Lynnwood property and the refurbishment of Denlyn. The Group is actively pursuing such yield-accretive local developments as an integral part of its strategy going forward.

## FINANCIAL PERFORMANCE

Improvements were evident in all key trading metrics of the portfolio. In particular, increased tenant turnover and trading densities are encouraging and bear testament to the resilience and dominance of Safari's centres. We have seen an upward valuation on our investment property which reaffirms Safari's robust and defensive property portfolio underpinned by a 13,9% increase in operating profit. The loan-to-value percentage of 37% based on year-end valuations and the interest cover ratio are well within the required debt parameters, and it is expected that these covenants will continue to be comfortably met.

As a result of strong underlying cash flow and the comfortable level of gearing, the 2022 financial year dividend is 57 cents per share, an increase of 35,7% compared to last year's 42 cents per share.

## SUSTAINABILITY

To integrate ESG principles into business has become increasingly important in the REIT environment. In this context Safari is proud to bring ESG matters to the forefront of its corporate strategy through enhanced consideration of sustainability issues at Board and EXCO level. We have expanded

our efforts to embed these into our business culture and operations, and have improved the Group's reporting and disclosure thereof in the environmental, social and governance review on [page 32](#) of this report. In the aftermath of the global COVID-19 pandemic and in the fight for a more just society, Safari will continue to prioritise stakeholders' needs and well-being through the advancement of these sustainable practices and initiatives.

## APPRECIATION

I am highly appreciative of the continued commitment of Safari's business partners, tenants and shoppers. I would like to express my sincere appreciation for the guidance extended to my team and me by the Board. I also want to thank each Safari employee – you remain an integral part in achieving the Group's ambitions. Thank you to each shareholder for your continued confidence in Safari. Be assured that Safari will continue to seek efficiencies across the business which should translate to even better shareholder returns.



**DC Engelbrecht**  
Chief Executive Officer

Pretoria  
22 June 2022

# RISK MANAGEMENT

Over the past two years, challenges such as the COVID-19 pandemic and the civil unrest in July 2021 have had a prodigious impact on the retail industry. These events have once again highlighted the importance of an adequate risk management system. In this regard, Safari has a comprehensive risk register in place, which is supported by a policy and procedures reviewed by the Board.

The Board has delegated to the Audit and Risk Committee the responsibility to design, implement and monitor a risk management programme and to identify, assess and manage risks appropriately (refer to the Audit and Risk Committee report on [page 76](#)). The Audit and Risk Committee makes recommendations to management on mitigating controls related to new risks, and same is reported to the Board. Furthermore, Dr PA Pienaar has been appointed as the Chief Risk Officer with the task of ensuring that mitigating controls and implementation measures are adhered to.

Our approach to risk management involves:

- considering the six capitals when disclosures are made, as set out by the International Integrated Reporting Council; these are financial capital, natural capital, social and relationship capital, intellectual capital, human capital and manufactured capital;

- aligning risk appetite and the Group’s strategy to improve the active monitoring of risks, especially focusing on governance and accountability;
- enhancing risk response decisions through proactive management of identified risks;
- reducing operational losses by gaining enhanced capabilities to identify potential risk events and establish appropriate responses; and
- identifying and managing multiple cross-enterprise risks.

During the year ended 31 March 2022, the Board, together with the applicable Board Committees, carried out regular assessments of the risks facing the Group, including those that present potential threats to our business model, future performance and solvency and liquidity position. Safari is a member of The Global Platform and utilises its REIT Risk Instrument to manage

the risk process on a continuous basis. The necessary controls are in place to mitigate risks.

The Board has established Safari’s risk appetite and risk tolerance levels and is committed to reporting on instances where risks fall outside these limits.

The Board is satisfied with the effectiveness of its Risk Management Policy and procedures that are in place.

No material deviations from the risk tolerance limits have occurred during the reporting period. Furthermore, the Board is not aware of any current, imminent or envisaged risk that may threaten Safari’s long-term sustainability.

Key risks	Description	Business impact	Mitigating controls
1 Significant increases in municipal rates and taxes and substandard service delivery	The unpredicted and significant increases in utility rates and substandard service delivery or deterioration of city infrastructure	Impact on, inter alia, the cost of occupancy of tenants, the decrease in valuation of assets and ultimately net operating income.  Substandard infrastructure maintenance and minimal new capital projects.	Safari supports property forum groups that may oppose unreasonable rates applied by municipalities.  Maximised investment in solar to ensure minimal reliance on municipal power, currently putting in boreholes and back up water systems at all centres to ensure smooth operations and effective fire fighting equipment.
2 COVID-19 or similar dreaded disease	The loss and/or consequences related to the COVID-19 pandemic	Negative impact on tenant sustainability due to widespread fatalities and economic disruption.	Safari obtains clarity from its insurer on cover in case of business interruption. Management deals with tenants’ concerns and relief requests on a case-by-case basis. Shopping centres operate in compliance with the imposed levels of restriction. These include, but are not limited to, social distancing measures, hygiene cleaning efforts and sanitisers and disinfectants being readily available.

Key risks	Description	Business impact	Mitigating controls
3 Political unrest and riots	The risk of violent protests and/or riots, looting of shopping centres	Disruption of political or social stability, negatively impacting the population, economic activity and operations of our shopping centres.	Safari has dedicated centre managers at all our centres who liaise with the internalised security function and the South African Police Service on a regular basis to assess risks. As an additional measure, appropriate insurance cover is in place. Emergency evacuation plans for tenants and employees and an effective business continuity management programme have been implemented.
4 Decline in national economy and increased unemployment	The risk of poor economic growth, even negative growth, resulting in an increase in unemployment, especially in the lower income communities being serviced by Safari’s shopping centres	Poor economic growth and a decrease in employment will lead to a reduction in income in the catchment area of Safari’s centres and, as a result, a reduction in purchasing power.	Safari’s tenants are predominantly suppliers of basic goods and groceries for which demand is stable. Safari strives to have strong relationships with local communities via our marketing and centre management staff, leading to a sense of ownership and loyalty from communities. Safari’s shopping centres are also stimuli for business and employment opportunities.
5 Expense-to-income ratio	The risk of costs consistently rising at a higher rate than income	Decreasing net profit of the business.	Cost per square metre is compared throughout the portfolio to ensure that expenses are in line per centre. All leases which are up for renewal are reviewed in detail and budgeted for taking into account trading density, cost of occupancy, location, etc. Lease agreements which are due for renewal are considered six months in advance to enable management to negotiate optimum rental and escalations. Centre-specific budgets are compiled and the Chief Operating Officer (“COO”) and CFO conduct quarterly evaluations to adjust the forecast if need be.
6 Property utility supply risk	The risk of disruption and failure to supply utility services and administrative management	Disruption to trading hours, impacting tenant turnovers. Providing backup power and water facilities increases operating costs to supply essential utilities. Load shedding and water interruptions are a regular occurrence. Poor service delivery or utility service interruptions give rise to community unrest and protest action.	Safari provides the necessary backup power and water at its shopping centres. Solar systems and borehole water are operational at some of our centres or will be at maximum capacity within the next year.
7 Interest rate risk	The risk of a rise in interest rates	Reduced yields and distributable earnings limiting additional funding possibilities.	A hedging policy is in place; approximately 50% of interest-bearing debt is hedged by way of interest rate swaps.
8 Capital availability risk	The risk of inability to raise funding for capital and operational requirements	Restricted growth opportunities. Low liquidity which negatively impacts the ease of raising funds in the market.	Manage cash flow forecasts in order to identify the appropriate time to raise funds from the market. The Investment Committee continually monitors capital requirements and there is an open communication line with existing and prospective lenders in this regard.
9 Credit risk	The risk of liquidation or default by tenants	Failure to recover amounts owing.  Negative impact of potential business rescue proceedings.	National tenants at centres are in excess of 80%. Authorised background/credit checks are performed on new tenants before contracts are signed. Daily monitoring of debtors lists is undertaken. Lease administrator follow-ups in the case of default are carried out on a daily basis and necessary action is taken accordingly.
10 Energy cost risk	The risk of sharp and/or sustained energy price increases	Further economic pressure on energy-dependent industries.	Monitor utilities per building with auto-flagging mechanisms in place. Undertake energy-saving initiatives through solar projects. Regularly serviced generators at all the centres.



# STAKEHOLDER ENGAGEMENT POLICY

Within Safari, stakeholder engagement is considered to be the process used by the organisation to engage with relevant stakeholders to ensure transparent communication, strengthening of relationships through better understanding and ensuring the achievement of acceptable outcomes. This will lead to a positive experience when stakeholders interact with Safari.

Therefore, in order to achieve effective and transparent stakeholder engagement, the Stakeholder Engagement Policy has been defined and will be applied within Safari.

The steps in defining the Stakeholder Engagement Policy are:

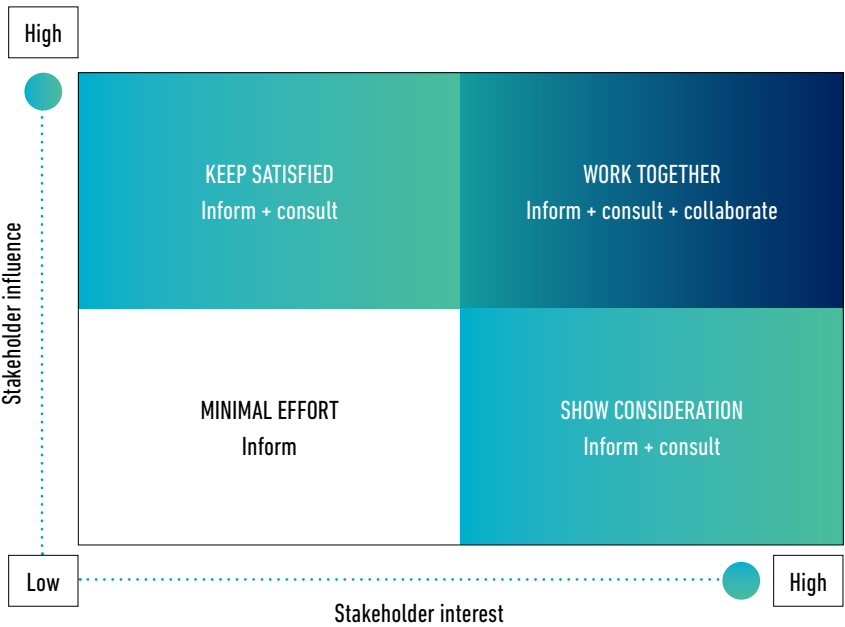
- identifying the categories of stakeholders and their influence on Safari;
- defining methods of engagement; and
- defining stakeholder engagement at the different category levels incorporating objectives, methods and measurements, where possible.

### CATEGORIES OF STAKEHOLDERS

There are various stakeholders in the Safari business and engagements happen with all of them at different levels, by different persons/departments within Safari and at different time intervals. This guideline towards the engagement with our different stakeholders will lead to better relationships, ensuring honesty and integrity in all our dealings. The following stakeholder categories have been identified:

- Shareholders
- Employees
- Financiers
- Tenants and shoppers
- Suppliers
- Government/local authorities
- Property partners
- Communities

The influence and interest of the various stakeholders identified are not all on the same level. The level of impact will also influence the method and manner of engagement. The stakeholders identified have been analysed and allocated to specific categories as shown below.



### METHODS OF ENGAGEMENT

Stakeholder engagement is defined as all the interactions with the stakeholders identified previously. Interactions refer to direct, personal as well as indirect interactions on a formal or informal basis. The methods include:

- verbal engagement – in-person meetings or by telephone;
- written engagement (via letters and email);
- legal engagements (contracts and service level agreements);
- social media via various platforms; and
- online meetings.

Overall principles that apply are:

- Personnel and Directors must clearly state that they represent Safari and should act within the framework of their mandate;
- All correspondence via email should contain the contact details, correct disclaimers, etc. If letters are sent, the prescribed letterhead should be used incorporating the Safari logo. This format should be drafted in detail and should be updated on a regular basis to ensure all details are correct e.g., changes in Directors should be correctly reflected on the letterhead;
- All legal documents should include Safari’s correct details and should be signed by the authorised person acting within his/her mandate;
- The Safari website and Stock Exchange News Service (“SENS”) announcements are general ways of interacting with stakeholders. The website should at all times be up to date and its content should be authorised by the relevant mandated person within the organisation;
- Other social media platforms must be used in the correct manner, always reflecting the policies of Safari. General engagement on these platforms should be limited; and
- Regarding the Protection of Personal Information Act, 4 of 2013 (“POPIA”), Safari endeavours, on a continuous basis, to implement the necessary security safeguards, offering the necessary training to employees and obtaining the time and support from EXCO to achieve set goals.

### ENGAGEMENT GUIDELINES

Guidelines for the engagement with each stakeholder are as follows:

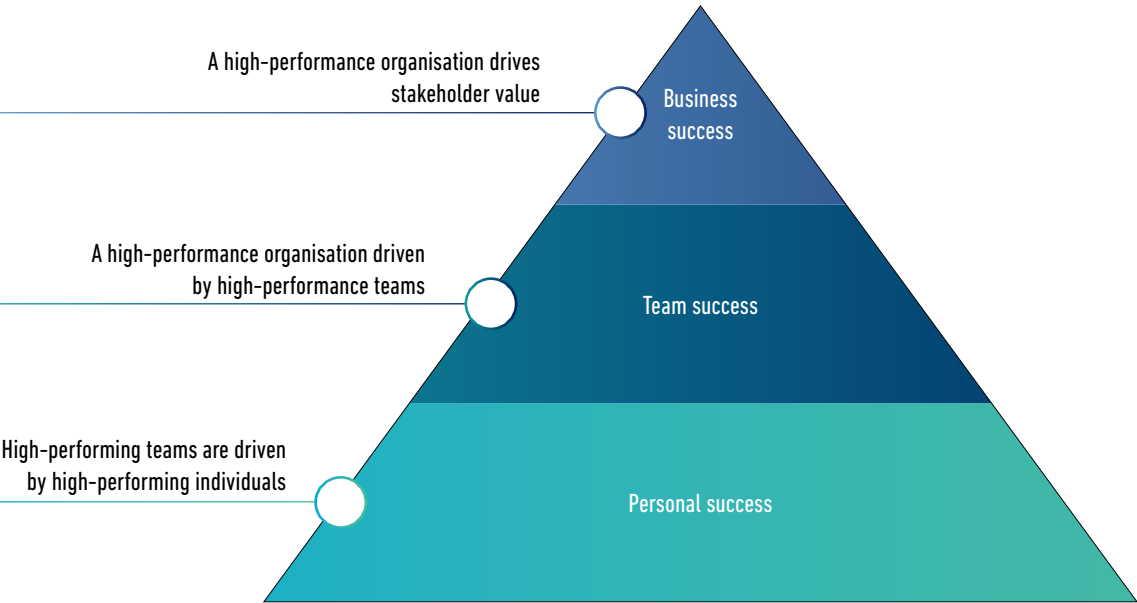
Shareholders
<b>Objectives</b> <ul style="list-style-type: none"><li>▪ To ensure that Safari engages on a regular basis with its shareholders in order to keep them informed of key elements of the business, and to obtain their input.</li><li>▪ To ensure that Safari is actively promoted in the property and REIT market to build relationships and trust with existing and potential investors.</li><li>▪ To ensure that Safari is aware of general trends in the property and REIT market, benchmarking against other role players and its peers, to ensure a knowledgeable Safari team.</li></ul>
<b>Method</b> <ul style="list-style-type: none"><li>▪ The Investor Relationship Manager should compile a detailed annual investor plan. The plan should be presented to the management team for approval. All costs of engagements are to be listed to ensure that the Group budget is accurate.</li><li>▪ The plan should ensure that regular meetings with key investors/the investment community and shareholders be held. Presentations should be of the highest quality and correct and up-to-date information should be used.</li><li>▪ The investor and shareholder database should be up to date and safely stored. Invitations to potential investors and shareholders should be professional and factually correct.</li><li>▪ Ensure that all communication via SENS or email correctly reflects the views and objectives of Safari. It is crucial that all communications are signed off by the executive team or Board, where applicable, to verify the correctness of the communications.</li><li>▪ The Safari website should have a dedicated section specifically for investor relations where all communications are published. It should also allow for investors/shareholders to communicate with Safari by allowing for dedicated email correspondence to the Investor Relationship Manager.</li><li>▪ SENS announcements of peer groups are to be monitored and summarised to understand market and property trends in the REIT sector.</li></ul>



STAKEHOLDER ENGAGEMENT POLICY continued

Employees		
<b>Objective</b> Safari aims to be a high-performing company in the property sector through employing talented and engaged employees. We believe in establishing an organisational culture that fosters collaboration between team members, unlocking individuals' full potential.	<b>Method</b> Safari's employee engagement model is based on a three-tier approach: <ul style="list-style-type: none"><li>Personal success is developed through annual one-on-one engagements where line management have conversations with each employee on their role contribution, performance and development needs. Line engagement forms an essential part of supporting and empowering employees to do their work effectively. We believe in building a strong, personal leadership culture with employees being personally accountable for managing their lives and executing their individual career development plans.</li><li>Effective meeting structures and alignment of goals are essential to ensure that the top layer of business success that drives stakeholder value is achieved.</li><li>Safari has an Ubuntu family culture of "I am because you are". There is a strong awareness that we need each other as team members to be successful, we are willing to walk the extra mile for each other and through synergy we can achieve the impossible. An open door policy exists which makes it possible for employees to communicate with management whenever there is a need for it.</li></ul>	<p>This is achieved through:</p> <ul style="list-style-type: none"><li>An annual strategy session in the first quarter of each year defines the vision and mission of Safari. The deliverables of the strategy session are clearly communicated to all employees;</li><li>Annual team performance discussions, supported by individual performance conversations, ensure accountability, engagement and collaboration at every level in the organisation;</li><li>Safari's remuneration philosophy is to structure packages in such a way that short- and long-term incentives are aimed at achieving business objectives and the delivery of shareholder value;</li><li>Safari has a clearly defined code of ethics that all employees must follow; this code is distributed to employees on a regular basis;</li><li>All personal communication with an employee setting out employment conditions, changes to his/her employment contract and duties are recorded formally and signed by all parties;</li><li>All transgressions are also handled according to Safari's disciplinary procedures and are at all times recorded;</li><li>A whistle-blowing mechanism is in place; and</li><li>Regular newsletters are circulated communicating events, new business ventures and introducing new personnel to all employees.</li></ul>

Safari's employee engagement model



FINANCIERS
<b>Objectives</b> <ul style="list-style-type: none"><li>To maintain regular contact with financiers and build trusted relationships.</li><li>To have an open relationship with the various banks to enable price checking.</li><li>To clearly communicate and understand the special purpose vehicle security structure and to ensure that banks understand the structure.</li><li>To ensure all ratios, covenants and reports required in terms of the loan agreements are timeously forwarded to the banks.</li><li>To ensure that bank representatives and management are part of the Safari communication lists.</li></ul>
<b>Method</b> <ul style="list-style-type: none"><li>Schedule regular meetings with identified banks to discuss the Safari business and needs.</li><li>Subscribe to various bank newsletters, attend bank functions when invited and do presentations if required.</li><li>Prepare a checklist of required reporting to be provided to the banks.</li><li>Prepare standard reporting formats to be completed at scheduled reporting dates to be forwarded to the relevant bank.</li><li>Invite bankers/financiers on roadshows and site visits.</li><li>Proactive engagement with financiers when potential events of default or other reportable events are about to happen.</li><li>Ensure that all finance documents are checked by a legal representative, that all documents are signed by all the parties involved and that Safari has the final documents on file.</li></ul>

TENANTS AND SHOPPERS
<b>Objectives</b> <ul style="list-style-type: none"><li>Regular two-way conversations between tenants and Safari, aimed at addressing operational matters experienced at a specific shopping centre problems experienced by a tenant, opportunities to improve operations, ad hoc events being planned, etc.</li><li>Regular updates on vacant space internally and to the Board.</li><li>Accurate and legally binding contracts between Safari and tenants.</li><li>All amendments to be recorded in a legal manner.</li><li>All negotiations to be recorded by email, letter and/or contract amendments.</li><li>All feedback to tenants on queries raised to be timeous and correct.</li><li>Leasing team to have mandates to secure leases, to ensure timeous completion of lease agreements and to ensure proper communication with tenants.</li><li>All tenants to receive accurate invoices on a timeous basis.</li><li>Arrear tenants to be communicated with in the correct legal manner, incorporating legal advice where necessary.</li><li>Clean and secure spaces for shoppers.</li><li>Regarding the COVID-19 pandemic, a shopping environment that encompasses the necessary safety measures.</li></ul>
<b>Method</b> <ul style="list-style-type: none"><li>Weekly leasing meetings to be attended by the leasing team and COO.</li><li>Monthly property meetings attended by the executive team, leasing team and centre managers, whereby all tenant and leasing matters are discussed and decided.</li><li>Leasing team to maintain a database of retailers and send updates of space available to the retailer database.</li><li>Lease administrators to ensure that invoices are correctly raised and sent to tenants timeously. They must also ensure that any queries are addressed immediately.</li><li>Leasing administrators to follow up on outstanding accounts according to Group policy – always confirming per email to ensure a written trail of communication.</li><li>The Safari website to show accurate detail of vacant space and new developments and the correct contact details of the leasing team.</li><li>Leasing team and executives to attend the Annual Shopping Centre Conference to engage with relevant tenants.</li><li>Customer satisfaction and shopper surveys.</li><li>Free Wi-Fi at centres.</li><li>Regular communication through print, web, social media and events.</li></ul>

STAKEHOLDER ENGAGEMENT POLICY continued

SUPPLIERS

Objectives

- Suppliers should be classified and managed as appropriate for each class. More regular engagement required with key suppliers.
- All supplier services to be recorded in service level agreements and signed by a mandated person in accordance with Safari's Preferential Procurement Policy.
- All interaction with suppliers to be according to the terms set out in the service level agreement, with the main purpose of maximising value.
- To timeously communicate discrepancies in the level of services required/agreed to.

Method

- Ensure all service level agreements are recorded in a contract and that the terms of the agreement have been accurately recorded.
- To ensure timeous payments of accounts and to confirm payments in writing.
- To engage with suppliers personally at the end of a contract or when a variation to the contract is required. All such communication to be recorded in writing.
- To regularly engage on a personal basis with key suppliers to ensure that a healthy relationship is maintained.
- Fair procurement and tender processes followed.
- Communication via on-site centre managers.

GOVERNMENT AND LOCAL AUTHORITIES

Objectives

- Safari seeks to comply with all applicable laws and regulations.
- Safari to submit all required returns and payments timeously to prevent fines and penalties.
- Safari wants to develop a compliance culture within the Group.

Method

- Safari to develop policies and procedures to aid and promote compliance.
- Available legal expertise, both internally and externally, to ensure that Safari stays informed of all legislation and changes to it.
- Meetings with government representatives and authorities to discuss concerns.
- Open and regular contact with relevant regulators and local authorities.

PROPERTY PARTNERS

Objectives

- To identify property partners that Safari can forge long-term relationships with.
- To actively engage with property partners and meet with them on a regular basis to share information and market trends.

Method

- Arrange meetings with property partners and discuss property trends and results. Share general information with each other.
- Attend conferences to meet up with new possible property partners such as the SA REIT conference.
- General approach by all Safari employees, the executive team and Board to expand the number of property partners and ensure good relationships.

COMMUNITIES

Objectives

- To nurture healthy and positive relationships with the communities surrounding our shopping centres by regularly engaging with them.
- To create awareness within the communities of each centre and its activities. To always deliver on promises made to a community and to actively market such interactions in an appropriate manner.
- To create a safe and regulated platform for a community to liaise with the management of a shopping centre and the executive team of Safari.

Method

- Document a clear marketing and engagement plan which takes into account the specific community and its needs.
- Arrange meetings on a regular basis with community leaders and hear first-hand about the challenges and needs of the community. Ensure that the marketing plan and other engagements cover the aspects identified by those leaders.
- Use social media platforms to promote the centre and communicate the contributions made by Safari to the community. Ensure that the community is aware of the contributions made by Safari.

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
REVIEW

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REVIEW

This report contains the ESG practices and commitments that are integrated into Safari's business in the context of the financial year under review.

"Safari is proud to bring ESG matters to the forefront of its corporate strategy through enhanced consideration of sustainability issues at Board and EXCO level, expanded efforts to embed these into our business culture and operations, and improved reporting and disclosure thereof."

Dirk Engelbrecht, CEO

Critical to Safari's approach to real estate investment is the advancement of sustainability in all its facets including environmental stewardship, social responsibility and good governance. The COVID-19 pandemic and the unfortunate civil unrest experienced in July 2021 further emphasised the importance of embedding these considerations into our business on ground level. Although we are a relatively small REIT in the market, Safari is increasingly taking significant and tangible steps to shape our business around these values.

Safari's official corporate strategy was tailored in 2022 to include the statement that we operate the business in line with generally accepted ESG principles. ESG stands for the environmental, social and good governance practices that, when actively and holistically formulated, managed and measured will improve sustainable business performance and accountability to the property industry's investors, tenants, workforce and communities being served.



## GUIDED BY THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UN SDGs")

The 17 SDGs, adopted by United Nations members in 2015 as part of the 2030 Agenda for Sustainable Development, call for global partnerships to build thriving economies and peaceful societies, reduce inequality, protect the planet and natural resources, and help end poverty and hunger. On both international and local platforms, it is expected that governments and organisations align their ESG efforts to this global framework. Safari's ESG practices support the UN SDGs and we acknowledge these goals as guidance for adoption and implementation of our own ESG practices.



Source: [www.un.org/sustainabledevelopment/sustainable-development-goals](http://www.un.org/sustainabledevelopment/sustainable-development-goals)

As the challenges of the global pandemic, heightened social and civil consciousness, and the rising urgency for greener buildings continue to endure, relevant ESG practices will support the delivery of long-term value for Safari's business, employees, investors, tenants and supporting communities.

In the aftermath of the global COVID-19 pandemic and in the fight for a more just society, Safari will continue to prioritise stakeholders' needs and well-being through the advancement of sustainable practices and initiatives.

### ENVIRONMENTAL

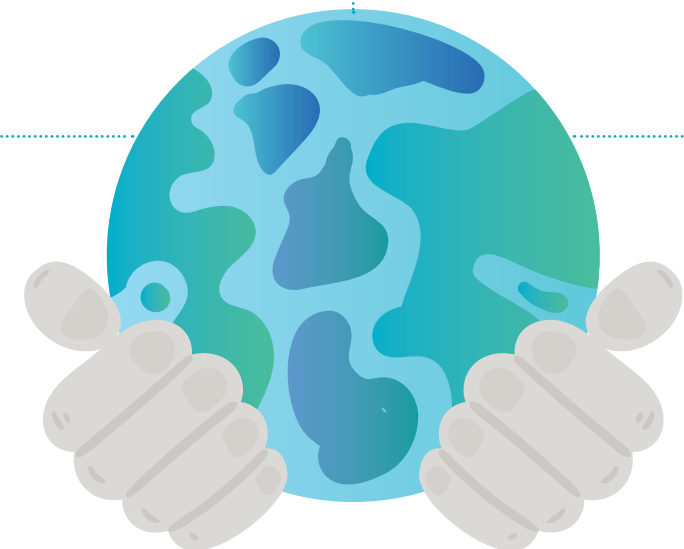
Waste reduction and recycling  
Water efficiency  
Energy efficiency  
Green design

### SOCIAL

Investing in human capital  
Transformation and empowerment  
Support for local entrepreneurs  
Youth employment and work readiness programmes  
Enterprise development  
Relationships with community influencers  
Partnerships to extend our reach  
Granting space for good  
Health, safety and wellness  
Education and libraries  
Social support initiatives and donations  
Community impact

### GOVERNANCE

Board Charter  
Board Committees  
King IV™  
REIT legislation  
JSE Listings Requirements





# ENVIRONMENTAL STEWARDSHIP

### WASTE REDUCTION AND RECYCLING




The Safari portfolio's waste management performance is tracked by DON'T WASTE with the purpose to better understand and manage our waste output, reduce waste and to increase recycling. Considerable success is being achieved as is illustrated in the diagram below.

DON'T WASTE is an advanced waste management and minimisation system for property owners and managers. Their waste management system provides sustainable environmental savings, cost savings and intelligent reporting for clients across the retail and commercial property sectors.







### Environmental achievements through the implementation of waste hierarchy options

2022

 Carbon dioxide saved 862 274m <sup>3</sup> CO <sub>2</sub>	 Water saved 10 928 753ℓ	 Trees saved 7 109 trees	 Energy saved 3 786 609kWh
--	---	---	---

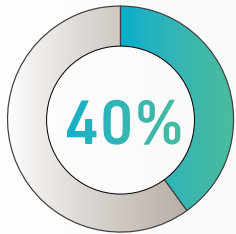
2021

 Carbon dioxide saved 846 863m <sup>3</sup> CO <sub>2</sub>	 Water saved 10 881 224ℓ	 Trees saved 7 078 trees	 Energy saved 3 563 796kWh
--	---	---	---

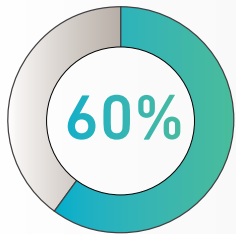
### Waste output at a glance

2022

Recycling (tonnes)

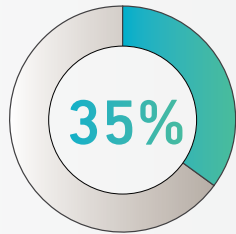


Disposal (tonnes)

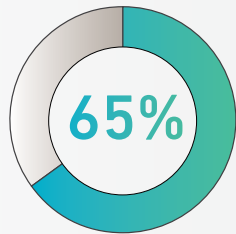


2021

Recycling (tonnes)



Disposal (tonnes)



### WATER EFFICIENCY

Safari is mindful of the need to conserve water, wherever possible, and recognises that thoughtful consideration of this compromised resource can reduce operational costs and improve resilience against water shortages or supply risks. Safari partnered with AQUAfection in 2022 to establish sustainable water-use practices at the Thabong Shopping Centre in Sebokeng. This venture entails municipal water backup, rainwater harvesting, filtration and monitoring of water use.

AQUAfection specialises in water conservation systems, filtration and recycling systems and water storage.



AQUAfection also assists Safari with repairing leaking infrastructure and with drinking water quality standards in striving towards #SurplusWater2025.

A borehole has been successfully fitted at Thabong Shopping Centre with the aim of providing 30% of all on-site water needs. This improves water security together with two-day water storage capacity. A state-of-the-art water filtration system ensures that water meets drinking quality standards.

#SurplusWater2025 is a movement of dedicated companies and individuals joining the cause to turn South Africa around from being a water-scarce country to one with surplus water in 2025.

### ENERGY EFFICIENCY

Solar photovoltaic systems are operating at six of Safari's shopping centres with a combined capacity of 5,85MVA. These systems produced 8 030mWh of renewable energy over the financial year under review, which equated to 26% of the total energy consumed at these centres. This is equivalent to a saving of 5 600 tonnes of harmful carbon dioxide greenhouse gas. Annual revenue generated by the six systems amounts to R15,4 million, an attractive return on investment for Safari, while more renewable initiatives will continue to take shape across the portfolio and at new developments.

### GREEN DESIGN

Making optimal use of natural light and ventilation in public areas is a design priority for all Safari properties. Unlike traditional closed malls which are sealed off from the environment by air-conditioned corridors, Safari's centres breathe through naturally ventilated open walkways. Furthermore, roofs allow natural light to filter through, illuminating walkways during daytime and saving precious energy by reducing the centres' dependence on the electricity grid.

SOCIAL RESPONSIBILITY

INVESTING IN HUMAN CAPITAL

Safari is continually investing in its human capital, which is seen as a critical asset to its business. The value of our property assets is underpinned by, and dependent on, the services delivered by our employees. We realise that in the ever-changing world that we live in, our people and culture must evolve to meet the dynamic needs of our business.

Safari has been supportive of its employees throughout the pandemic and has continued paying salaries and short-term incentives in full. It has also allowed flexibility for its employees to work from home when the need arose and encouraged appropriate new work procedures in the challenging operating environment. COVID-19 has both accelerated and sharpened our focus on a more empowered human capital culture.

Safari purposefully embraces diversity and a policy of inclusivity and non-discrimination through its Employment Equity and BBBEE and Transformation Committees. It has set an ambitious yet achievable employment equity plan and monitors all appointments and promotions in terms of the plan. The human resource function underpins these committees and ensures that supporting policies and procedures are defined and adhered to throughout the Group.

A further focus was the implementation of learnership and internship programmes where learners and interns not only attend accredited training courses but gain hands-on practical experience under the guidance of our centre managers.

The Group complies with employment legislation and is committed to protecting human rights. We also strive to create a safe and healthy working environment for all our people. Our code of ethics and disciplinary codes were reviewed recently and communicated to all employees. We implemented a whistle-blowing hotline and reinforced the importance of ethical behaviour through a pro-ethics workshop attended by all employees. Safari expects its employees to always act with integrity and comply with regulations.

The implementation of our HIV/AIDS policy guides us in further creating a non-discriminatory workplace and Safari staff supported World AIDS Day on 1 December 2021 by wearing red ribbons at our workplace.

During the financial year, salaries were benchmarked to ensure that fair and reasonable remuneration is paid to employees. Performance appraisals and 360° evaluations also promote open and constructive dialogue, identify professional development opportunities and support recommended performance-based awards.

The total number of employees reported in terms of the Employment Equity Act is as follows:

Occupational level	South African Male				South African Female				Foreign nationals		Total
	A	C	I	W	A	C	I	W	M	F	
Top management*				2							2
Senior management				2				2			4
Professional	3		1		1			6			11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, superintendents					1			2			3
Semi-skilled and discretionary decision-making								1		1	2
Unskilled and defined decision-making	4				2						6
Total permanent	7	0	1	4	4	0	0	11	0	1	28
Temporary employees	2				1						3
Grand total	9	0	1	4	5	0	0	11	0	1	31

A – African; C – Coloured; I – Indian; W – White; M – Male; F – Female  
\* Top management excludes Non-executive Directors.

TRANSFORMATION AND EMPOWERMENT

Safari is committed to integrating transformation into its business practices. We realise that a diverse and inclusive workforce, fairly representing South African demographics, is crucial for the sustainability of Safari. All appointments and promotions are closely monitored against this principle.

Safari has been focusing on improving its BBBEE scorecard. We are measured against the property sector charter scorecard for REITs and the outcome of our latest audit is Level 7. The scorecard was independently verified by Honeycomb BEE Ratings and is valid until 28 June 2022, with the renewal certification audit currently in process.

Safari has a preferential procurement policy encouraging procurement from local black-owned businesses. The policy includes a well-defined procurement process with BBBEE Level 5 as the minimum empowerment target set for service providers.

Safari has also successfully implemented a skills development programme whereby learners are hosted by Safari at various shopping centres to gain practical experience at shopping centre level. We have appointed an intern and sponsored the learnership programme for this person. The intern is now permanently employed after successfully completing the programme.



SUPPORT FOR LOCAL ENTREPRENEURS

Many young entrepreneurs and small businesses benefit from the positioning of Safari's commercial property in the midst of their communities. A number of young entrepreneurs were granted operational space in our centres at no cost to them.

Shape Café at Thabong Shopping Centre

Shape Café is a social enterprise in partnership with the Southern African Association of Youth Clubs. They use their profit, skills and resources to invest in township-based businesses. They run a six-month programme for aspiring township- and rural area-based entrepreneurs. Inspired by their work, Safari granted rent-free space to them at Thabong Shopping Centre where they can have a positive impact on the community of Sebokeng.

Community radio stations such as Pheli FM at Atlyn, PlugOnline at Thabong and Capital Live FM at Denlyn

Safari partnered with three locally based community radio stations; Pheli FM from Atteridgeville, PlugOnline from Sebokeng and Capital Live FM from Mamelodi. These community radio stations now broadcast rent-free directly from the Atlyn, Thabong and Denlyn shopping centres. Capital Live FM alone serves a listeners base of almost 600 000.

Ingenious Minds at Nkomo Village

A local marketing agency from Atteridgeville, Ingenious Minds, is now proudly based at Nkomo Village with Safari providing them with office space and furniture. We are proud to have a small business such as Ingenious Minds based at our centre. They represent our immediate community and make its voice heard in the marketplace through local marketing and events.



## SOCIAL RESPONSIBILITY continued

## YOUTH EMPLOYMENT AND WORK READINESS PROGRAMMES

## Workplace Environment Workshop

Safari facilitated a Workplace Environment Workshop at Nkomo Village Shopping Centre, presented in collaboration with Harambee Youth Employment Accelerator, Tshepo-1-Million, Councillor Dudu Majola from Ward 63, Councillor TK Magodiolo and Maria Day Collective. The attendees were exposed to various skills and were coached on how to compile a CV, conduct during an interview and professionalism in the workplace.



## Quantity Surveyors Workshop

Businessmen and women from Atteridgeville were invited to a supplier development workshop at Nkomo Village in March 2022. Quantity surveyors discussed the relevance of pricing, tendering for projects, the required documentation for the construction industry, responsibilities on a building site and safety.



## Annual Pheli Career and Business Expo

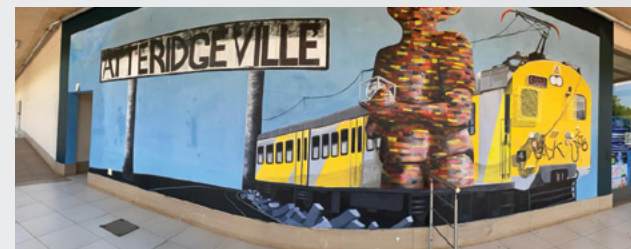
Over 400 scholars attended the annual Pheli Career and Business Expo at Nkomo Village. A large number of local Atteridgeville entrepreneurs as well as representatives from government departments, non-governmental organisation ("NGO") and educational institutions gave inspirational talks. Advocate Bopape and the Pheli Creative Pushers together with "She and the Boys" added some celebrity sparkle to the day.



## ENTERPRISE DEVELOPMENT

## Mural art by locals

Kholzen Projects was assisted by Safari to establish an enterprise with six local Atteridgeville artists. They were responsible for the design and installation of mural art works at Mnandi Shopping Centre in Atteridgeville. This project inspired the Department of Arts and Culture to officially include them in their professional team for murals at Mnandi Shopping Centre. Three of the local artists assisted the artists appointed by the department; a tremendous opportunity to work alongside some of the best mural artists in South Africa.



## Little Miss Denlyn

Miss Teenager SA 2019 First Princess and Miss Teen Global SA 2019 spearheaded a number of events at Denlyn Shopping Centre. Their vision is to alleviate the impact that home difficulties have on learners, academics and the emotional well-being of family members. Through Safari's assistance, the enterprise Black Chairs Events was established. They are now using Denlyn Shopping Centre as a platform to host pageant training, present fashion extravaganzas and host Safari's own annual Little Miss Denlyn competition, a pageantry platform for the youth.





## SOCIAL RESPONSIBILITY continued

## Youth Development Leadership Roundtable

YWAM Nationbuilders guide their participants to identify their purpose, and help them develop multi-stakeholder business models as vehicles for the social and environmental impact they intend to bring. Hosted by YWAM Nationbuilders, 25 participants attended the values-based leadership training programme at Safari's Nkomo Village. This event was followed up by a Responsible Leadership Roundtable where Safari sponsored the Idea Collective to present a creative thinking workshop and eight weeks of entrepreneurship training that looked at redefining success in business.



## Street-style soccer

Nkomo Village acts as a venue for the community's vibrant street-style soccer, and regular play-offs take place here.



## Creative Thinking Workshops

Teachers from Sefako Makgatho Primary School in Atteridgeville and the Idea Collective formed a partnership with Safari with the aim to empower educators. A valuable workshop addressing both the roles of empathy in education, as well as creativity training, was arranged for a number of teachers. Similar workshops are now organised for the teachers of primary schools around Safari's other shopping centres.



## Venues offered to local non-profit organisations ("NPO")

Local NPOs may at times utilise the common areas at Safari's centres to exhibit their organisations' work and generate income via face painting and other entertaining activities for the community.

## SOCIAL SUPPORT INITIATIVES AND DONATIONS

Safari supports selective care centres and organisations that operate in the areas surrounding our properties. Before the final school exams in 2021, a motivational session was hosted at Flavius Mareka High School. Nkomo Village sponsored trophies for the top achievers per subject. This event was attended by the Premier of Gauteng, David Makhura. Other places where Safari provides support and donations include Siviwe Primary School, Halaletsang Safety Home, Tshepong Care Centre and the School a Friend campaign.

## COMMUNITY IMPACT

Safari retail centres provide one-stop destinations of services and goods within close reach of communities. Community members no longer have to travel long distances for these services and facilities. Money, which would otherwise be spent on transport to alternative nodes, now remains in the pockets of community residents.

Safari retail centres are also known for stimulating and creating employment within communities. Each Safari asset grants a number of ongoing employment and business opportunities to local residents. Retailers are encouraged to first consider appointing local residents when filling job vacancies and we also encourage our service providers, such as cleaning and security contractors, to employ suitable candidates from local communities.

During construction or revamp phases, building contractors are required to employ local subcontractors, to transfer skills and promote the development of local businesses. This has, over time, created good relationships with local communities and we experience a positive attitude and sense of common interest and loyalty towards Safari's centres.

## HEALTH, SAFETY AND WELLNESS

## Unjani Clinic and the South African National Blood Service

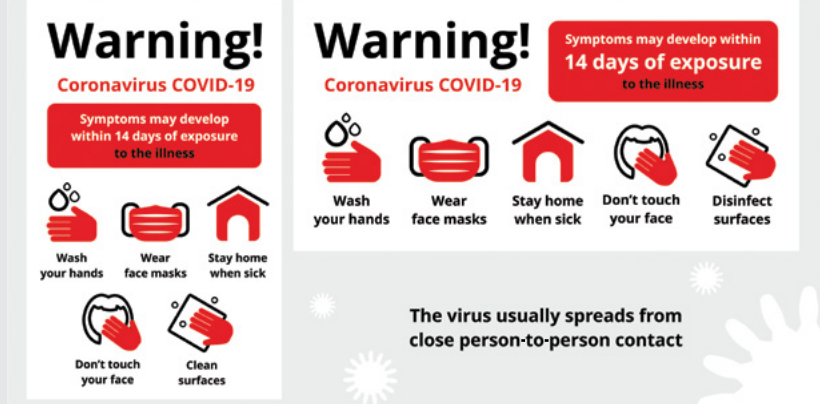
Unjani Clinic is a health facility operating rent-free at our Denlyn and Thabong shopping centres. Multiple blood donation drives are hosted at Safari centres where space is also provided for free by Safari.

## Support during COVID-19

During mandated lockdowns, Safari realised that tenant engagement remained key. Safari helped tenants navigate changed conditions and uncertainties by negotiating customised rent relief and rent deferrals to support the sustainability of tenants' businesses. Our tenants and our centres' immediate communities struggled with retrenchments and a lack of basic supplies. Safari distributed 14 000 gloves and 3 500 face masks within local communities and made food parcels available to the value of more than R40 000.

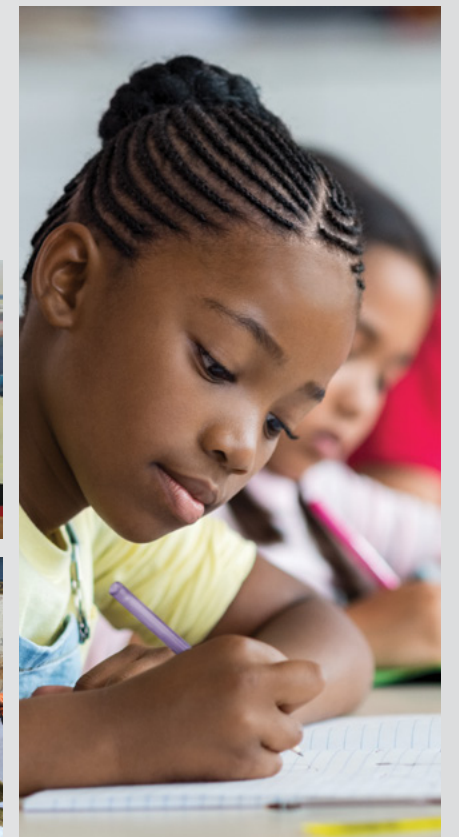
## Safety during COVID-19

It has always been a priority to ensure that our properties are safe for the public, our tenants and our staff. With the COVID-19 pandemic having such a severe impact on businesses, Safari heightened its focus on the health, safety and the well-being of its stakeholders. Health protection was prioritised by introducing strict safety and sanitisation measures at our retail assets and at workplaces. Remote and flexible work policies, including virtual events and meetings, were introduced during lockdown periods. Awareness of the pandemic was created through notices and messages distributed at centres.



## EDUCATION AND LIBRARIES

Safari collaborated with Education is our Future (NPO 160407), an organisation involved in the upliftment of literacy in rural schools. They are responsible for the intervention programmes in maths and English at Umthombo Primary School in Mamelodi and Bud Mbele Primary School in Atteridgeville. The partnership has also seen Safari establishing a library at Umthombo Primary School in Atteridgeville. Safari also provides additional support and organises regular visits by the Safari mascots where readers and achievers are awarded, thereby adding many smiles to this beautiful project.





## SOCIAL RESPONSIBILITY continued

## RELATIONSHIPS WITH COMMUNITY INFLUENCERS

## In unity with our community and Kasi Brothers

The strength of our relationships with our communities was shown when community leaders, Kasi Brothers, decided to stand up and protect Safari's shopping centres during the national unrest in July 2021. This deed made headlines not only locally but also nationally and internationally.



## Pheli Career Expo

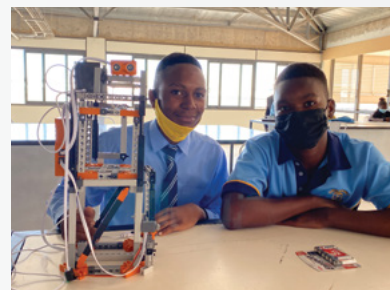
Local entrepreneurs volunteered to join forces with Safari to arrange this vibrant career expo in which 10 government departments and more than 29 local Atteridgeville entrepreneurs participated. Representatives from various NGOs and educational institutions of South Africa also participated in the expo. It is Safari's relationship with these influential entities that make such events possible. With the help of #Myphelimagazine, Reetsafela Marketing, Pheli Youth Information Hub and the Phelindaba Arts and Culture Forum the event was promoted far and wide. The impact was phenomenal as more than 400 scholars were able to attend the event.



## PARTNERSHIPS TO EXTEND OUR REACH

## WallStreet Afreeka

WallStreet Afreeka is a consulting agency with a focus on socio-economic development initiatives and enterprise development. They launched Robotics 4 Kidz at Nkomo Village on 18 October 2021, a project that exposes learners to career options in the fields of science, technology, engineering and maths. Speakers included former Gauteng Health MEC Dr Gwen Ramokgopa, Kgotso Maja from WallStreet Afreeka and the CEO of the South African Robotics Club.



## HM Pitje Foundation

Safari's partnership with the HM Pitje Foundation provides for growth of the art and craft economy in our local Atteridgeville community through training and entrepreneurship opportunities for the youth. Mentors include internationally recognised South African artist, Giggs Kgole. 70 people participated in the first seminar.



Idea Collective joined Safari and the HM Pitje Foundation in arranging a special performance by Atteridgeville's own string orchestra, CAYA (Creative Arts for the Youth of Atteridgeville), at the first Afreeka Design Day hosted by PADI. A theatre experience was also created for the orchestra members at Nkomo Village and computer tablets were donated to assist them with training at home during the lockdown periods.



## GRANTING SPACE FOR GOOD

## Art exhibitions

Together with the Department of Arts, Culture and Sport, Safari hosted an art exhibition at Nkomo Village, especially aimed at local upcoming Atteridgeville artists. Requests for family portraits and other art work created job opportunities after the exhibition. Curated by the newly formed Phelindaba Arts and Culture Forum in Atteridgeville, a second exhibition was hosted for learners from local schools.





# SAFARI BOARD



**STEVEN BERNARD HERRING**  
**(“Steven”) (51)**

*Non-executive Chairperson*

Steven, who has a degree in marketing and a MBA, started Heriot Properties in South Africa in 1998 where he led investments into industrial property with blue-chip covenants that ensured sustainable long-term cash flows. In 2003, Steven put a team of professionals together and started constructing retail shopping centres, focusing on CBDs, rural and township areas. These mass-market areas were underserved and over 20 malls were developed. Today, Heriot is listed as a REIT on the JSE and owns a portfolio of assets, primarily in the industrial and retail sectors, valued in excess of R4 billion. On 23 September 2021, Steven was appointed as the Non-executive Chairperson of the Board.

**Committee**  
**Investment (Chairperson)**



**DR MANDISA TUMEKA MATSHOBA-RAMUEDZISI**  
**(“Tumeke”) (41)**

*Lead Independent Non-executive Director*

Tumeke is a qualified chartered accountant and a registered auditor. Along with a Doctor of Philosophy (with a specialisation in leadership) from the University of Pretoria, she also holds a Bachelor of Business Science (Finance Honours) from the University of Cape Town, a Higher Diploma in Accounting from the University of the Witwatersrand, a Master of Commerce (Computer Auditing) from the University of Johannesburg and an Advanced Certificate in Company Law from the University of the Witwatersrand. She currently serves on a number of boards in listed, public and private companies. Her experience on these boards has broadened her knowledge and understanding on matters of governance. On 14 September 2020, Tumeke was appointed as the Lead Independent Non-executive Director.

**Committees**  
**Audit and Risk (Chairperson);**  
**Social and Ethics**



**GREGORY JAMES HERON**  
**(“Greg”) (56)**

*Independent Non-executive Director*

Greg is a qualified chartered accountant with more than 25 years' experience in corporate, structured and property finance and has had significant operational exposure to a variety of businesses. Greg is currently CEO of Infinitus Holdings Proprietary Limited, an investment company with a portfolio primarily invested in the fast-moving consumer goods and retail sectors. Prior to that, he was head of Leaf Property Fund, a significant unlisted property fund focused on the office and commercial sectors of the property market. During his time at Leaf Property Fund, he led the repositioning of the fund which included the disposal of a large portfolio of assets as part of this process. On 17 July 2020, Greg was appointed as an Independent Non-executive Director. On 14 September 2020, Greg was appointed as the Independent Non-executive Chairperson whereafter Steven was appointed as Chairperson on 23 September 2021.

**Committees**  
**Nomination and Remuneration;**  
**Investment**

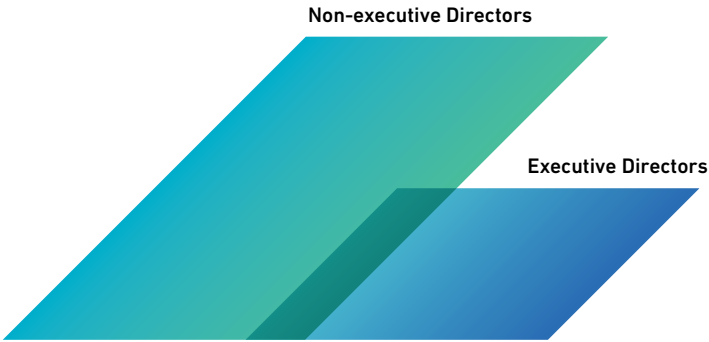


**MARIUS HOFF MULLER**  
**(“Marius”) (52)**

*Independent Non-executive Director*

Marius is currently the Managing Director and co-founder of SoHo Properties. He currently serves as an Independent Non-executive Director of Oryx Properties which is a Namibian-listed property company. He has been in the property industry since 1992 and has held various high-profile roles at JSE-listed companies. These have included being the Managing Director of iFour Properties and the CEO of Tecton Property Fund. Other roles have included directorships at Resilient REIT, Pangbourne Properties, Diversified Property Fund and Monyetla Properties. He also headed up Pareto Limited which is an unlisted regional shopping centre investment vehicle. Marius has served on the boards of various property sector bodies such as the SAPOA, the SACSC and the Green Building Council of South Africa. He currently holds BSc (QS) and MBA degrees and is a Fellow of the Royal Institution of Chartered Surveyors and a Chartered Director of the Institute of Directors of South Africa. On 14 September 2020, Marius was appointed as an Independent Non-executive Director.

**Committees**  
**Nomination and Remuneration (Chairperson);**  
**Audit and Risk;**  
**Investment**



**DR PETRUS ARNOLDUS PIENAAR**  
**(“Pine”) (64)**

*Independent Non-executive Director*

Pine has a doctorate in engineering, is a registered professional engineer and has over 30 years of experience in the consulting engineering field. Pine's initial exposure was in construction. This was followed by a period of specialisation in the roads and transportation field, including road network planning, economic project evaluation, traffic and transportation engineering, road design, public transport planning, Bus Rapid Transit and urban renewal. In recent years, Pine headed a multidisciplinary team responsible for the planning, design and construction supervision of various industrial buildings. He also had exposure to public-private partnership projects. Pine is a founding member of Nyeleti Consulting, a multidisciplinary firm of consulting engineers. Pine was a Director of Safari Investments from November 2013 to August 2015. Pine has a keen interest in the property market and has over the years invested in property, as well as the REIT sector on the stock exchange. On 17 July 2020, Pine was appointed as an Independent Non-executive Director.

**Committees**  
**Social and Ethics (Chairperson);**  
**Audit and Risk;**  
**Nomination and Remuneration**



**DIRK CORNELIUS ENGELBRECHT**  
**(“Dirk”) (36)**

*Chief Executive Officer*

Dirk obtained his BCom Law and LLB degrees from the University of Pretoria and subsequently completed his articles at Weavind & Weavind Incorporated where he remained as practising attorney focusing on general litigation until 2011. During 2011, he was appointed by G4S Secure Solutions as the national legal adviser tasked with the general legal and statutory duties and governance of one of the largest security firms in South Africa. Dirk joined Safari in January 2014 as the Group Company Secretary and legal adviser and was appointed as an Executive Director in February 2018. On 7 November 2018, Dirk was appointed as CEO.

**Committees**  
**Investment;**  
**Management (Chairperson)**



**WILLEM LINSTRÖM VENTER**  
**(“Willem”) (38)**

*Chief Financial Officer*

Willem obtained a BCom Accounting and Honours degree at the University of Pretoria in 2006 and completed his articles at Deloitte Pretoria. He qualified as a chartered accountant in 2009. In 2010, Willem joined Safari to oversee the bookkeeping and operational functions and was appointed as the CFO for the Safari Group with effect from 1 April 2017.

**Committees**  
**Social and Ethics;**  
**Management**

## SAFARI BOARD continued

### Safari is driven by a Board of business professionals with a passion for excellence and a preference for a hands-on management approach.

The Board and management team are committed to ethical and effective leadership exemplified by integrity, competence, responsibility, accountability, fairness and transparency as depicted in King IV™.

The Board consists of seven Directors: two Executive Directors, four Independent Non-executives and one Non-executive Chairperson.

Name, age and nationality <sup>1</sup>	Qualifications	Capacity	Directors' aggregate indirect and direct shareholding in Safari 31 March 2022	Directors' aggregate indirect and direct shareholding in Safari 31 March 2021
Steven Bernard Herring (51) <sup>2</sup>	Marketing degree, MBA	<i>Non-executive Chairperson</i>	102 851 903	–
Dirk Cornelius Engelbrecht (36)	BCom Law, LLB	<i>Chief Executive Officer</i>	56 462	43 694
Willem Linström Venter (38)	CA(SA)	<i>Chief Financial Officer</i>	4 096	4 096
Dr Mandisa Tumeka Matshoba-Ramuedzisi (41)	CA(SA), MCom, PhD	<i>Lead Independent Non-executive Director</i>	–	–
Gregory James Heron (56)	CA(SA)	<i>Independent Non-executive Director</i>	–	–
Faith Nondumiso Khanyile (55) <sup>2,3</sup>	BA (Hons), MBA, MCom, HDip Tax	<i>Independent Non-executive Director</i>	–	14 232 550
Dr Mark Minnaar (55) <sup>3</sup>	MBChB, DA(SA), FCS(SA) Ophth	<i>Independent Non-executive Director</i>	–	1 253 055
Marius Hoff Muller (52)	BSc(QS), MBA, CD(SA)	<i>Independent Non-executive Director</i>	–	–
Kyriacos Pashiou (67) <sup>2,3</sup>	National Diploma in Construction Management	<i>Independent Non-executive Director</i>	–	9 655 356
Dr Petrus Arnoldus Pienaar (64) <sup>2</sup>	Pr Eng, PhD	<i>Independent Non-executive Director</i>	4 049 093	4 049 093
Christopher Russell Roberts (65) <sup>2,3</sup>	Diploma in Business Management	<i>Independent Non-executive Director</i>	–	100 000
Adriaan Martinus Slabber (65) <sup>3</sup>	BCom LLB	<i>Independent Non-executive Director</i>	–	–
Etienne Rhoderic Swanepoel (61) <sup>3</sup>	BA LLB LLM (Tax) (UCT)	<i>Independent Non-executive Director</i>	–	–
Allan Edward Wentzel (83) <sup>3</sup>	CA(SA)	<i>Independent Non-executive Director</i>	–	–
Marthinus Cornelius Basson (35)	BCom	<i>Chief Operating Officer (Non-director)</i>	250	250

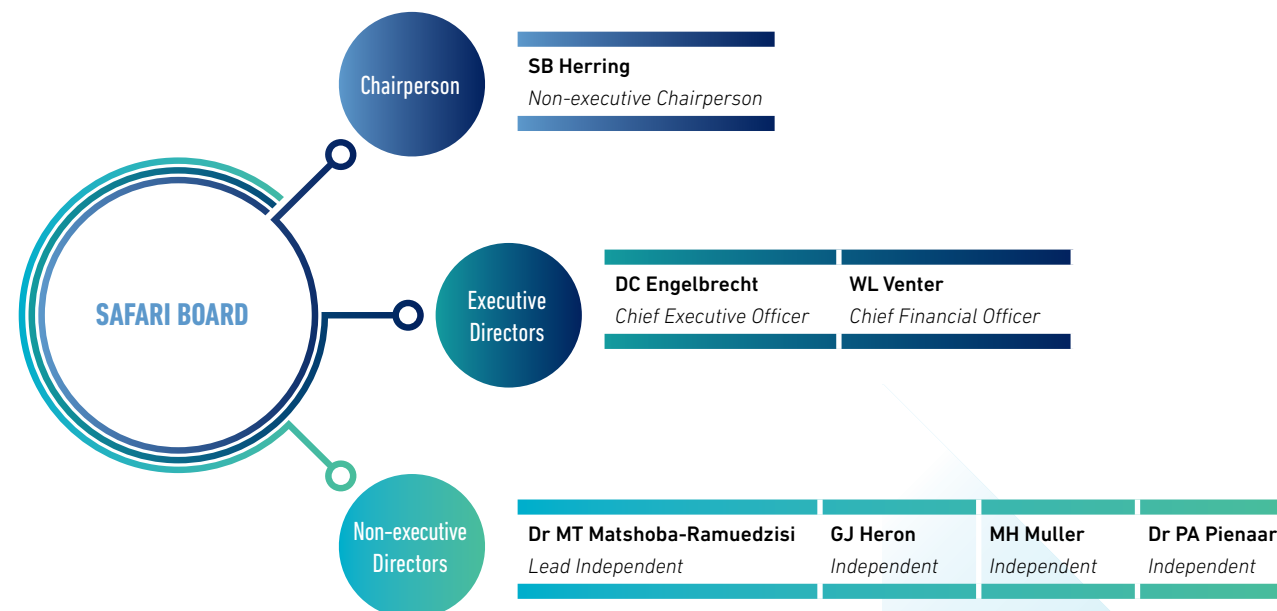
<sup>1</sup> All of the Directors are South African citizens.

<sup>2</sup> Includes indirect beneficial interest held through a related party.

<sup>3</sup> Resigned.

The interests of the Directors and Prescribed Officer, as stated in the table above, have remained unchanged from 31 March 2022 up to the date of publication of this report. All the interests held by the current Directors (as at 31 March 2022) and past Directors are indirect, save for Dr PA Pienaar, Mr WL Venter and Mr DC Engelbrecht holding interests in their personal capacity. In this regard, Dr PA Pienaar's direct holding is 87 000 shares, and his indirect holding is 3 962 093 shares.

# BOARD CHARTER



## CORPORATE GOVERNANCE STATEMENT

Safari is committed to applying the recommendations contained in King IV™, as well as the requirements of the Companies Act, the Financial Markets Act and the JSE Listings Requirements. Full details of the Group's application of the principles of corporate governance can be found at

[www.safari-investments.com/the-company/corporate-governance](http://www.safari-investments.com/the-company/corporate-governance).

Safari operates as a public company and listed on the JSE in April 2014 under the REIT section. The Board endeavours to maintain the highest level of corporate governance and, as such, the principles set out in King IV™ are applied. Full details on the application of the King IV™ principles are set out on [pages 63 to 67](#). The Board has established mechanisms and policies appropriate to the Group's business, according to its commitment to best practices in corporate governance, in order to ensure the application of King IV™ principles. The Board reviews these mechanisms and policies on a regular basis.



BOARD CHARTER continued

Summary of the Board Charter

The main functions of the Board, as set out in the Board Charter, are:

- considering, through the Audit and Risk Committee, specific limits for the levels of risk tolerance;
- defining levels of materiality, thereby reserving certain powers for itself and delegating other matters to management of the Group;
- ensuring that the annual financial statements of the Group and Company are prepared and are laid before a duly convened Annual General Meeting of the Company;
- considering recommendations made to the Board by the Nomination and Remuneration Committee with regard to the nomination of new Directors and the reappointment of retiring Directors;
- determining the Group’s purpose and values, identifying its stakeholders and developing strategies in relation thereto;
- being the focal point for and custodian of good corporate governance by managing the Board’s relationship with management, the shareholders and other stakeholders of Safari;
- providing strategic direction and leadership that is aligned with the Group’s value system by reviewing and approving budgets, plans and strategies for Safari and monitoring the implementation of such strategic plans and approving the funding for such plans;
- ensuring that Safari’s business is conducted ethically and monitoring the ethical performance of Safari;
- approving business plans, budgets and strategies that are aimed at achieving Safari’s long-term strategy and vision;
- annually reviewing the Board’s work plan;
- ensuring the sustainability of Safari’s business;
- determining, implementing and monitoring policies, procedures, practices and systems to ensure the integrity of risk management and internal controls in order to protect Safari’s assets and reputation;
- identifying and monitoring key performance indicators of Safari’s business and evaluating the integrity of the systems used to determine and monitor such performance;
- monitoring and ensuring application of the Group’s policies, codes of best business practice, the recommendations of King IV™ and all applicable laws and regulations;
- ensuring that the competency and other attributes of the Directors are suitable for their appointment as Directors and the roles that they are intended to perform on the Board, and that they are not disqualified in any way from being appointed as Directors;
- ensuring that appointments to the Board are formal and transparent and comply with all prescribed procedures;
- ensuring that a succession plan for the Executive Directors and senior management is implemented;
- ensuring the appointment and removal of the Group Company Secretary;
- reviewing the competence, qualifications and experience of the Group Company Secretary annually; and
- selecting and appointing suitable candidates as members of committees of the Board and the Chairpersons of such committees.

Composition of the Board

The Board comprises seven Directors: two Executive Directors, four Independent Non-executives and one Non-executive Chairperson.

Martin Basson was promoted from Head of Asset Management to the role of COO during November 2021. This position is not a board seat but together with the CEO and CFO will function as the executive team.

Chairperson

The roles of the Chairperson and CEO are separate. On 23 September 2021, Mr GJ Heron resigned as Independent Chairperson but continued in his position as Independent Non-executive Director, and Mr SB Herring was appointed as Non-executive Chairperson.

As per King IV™, Dr MT Matshoba-Ramuedzisi is appointed as the Lead Independent Non-executive Director to strengthen the independence of the Board.

Chief Executive Officer

The Board has established a framework for delegation of authority and ensured that the role and function of the CEO have been formalised and that the CEO’s performance is evaluated against specified criteria on an annual basis. Mr DC Engelbrecht was appointed as the CEO of Safari on 7 November 2018.

Balance of power

The Group’s Executive Directors are involved in the day-to-day business activities of the Group and are responsible for ensuring that the decisions of the Board are implemented in accordance with the mandates given by the Board.

The Board has ensured that there is an appropriate balance of power and authority at Board level, such that no one individual or block of individuals dominate the Board’s decision-making. The Non-executive Directors are individuals of calibre and credibility and have the necessary skills and experience to bring independent judgement on issues of strategy, performance, resources and standards of conduct and evaluation of performance.

Code of ethics

The Board is responsible for the strategic direction of the Group. It sets the values that the Group adheres to and has adopted a code of ethics which is regularly reviewed and applied throughout the Group.

The current Board’s diversity of professional expertise and demographics makes it highly effective with regard to Safari’s current strategies. The Board is committed to ensure that, in appointing successive Board members, the Board as a whole will continue to reflect, whenever possible, a diverse set of relevant professional and personal backgrounds.

Information and other professional advice

The Directors have unrestricted access to all Group information, records, documents and property to enable them to discharge their responsibilities efficiently. Key risk areas, key performance areas and financial and non-financial aspects relevant to Safari are monitored on a regular basis. In this context, the Directors are continually provided with information in respect of key performance indicators, variance reports and industry trends.

The Board established, through the Group Company Secretary, a formal induction programme to familiarise incoming Directors with the Group’s operations, senior management and its business environment, and to induct them in their fiduciary duties and responsibilities. The Directors receive further briefings from time to time on relevant new laws and regulations, as well as on changing economic risks.

The Directors ensure that they have a working understanding of applicable laws. The Board has ensured that the Group complies with applicable laws and the Memorandum of Incorporation and considers adherence to non-binding industry rules codes and standards. In deciding whether or not non-binding rules should be complied with, the Board factors in the appropriate and ethical considerations that must be taken into account. New Directors with limited or no board experience receive appropriate training to inform them of their duties, responsibilities, powers and potential liabilities. The Board has established a procedure for Directors, in furtherance of their duties, to take independent professional advice, if necessary, at the Group’s expense. All Directors have access to the advice and services of the Group Company Secretary.

Board evaluation

The Board discloses details in its Directors’ report on how it has discharged its responsibilities to establish an effective compliance framework and process. The Board, as a whole, was assessed on its overall performance in order to identify areas for improvement in the discharge of functions of individual Directors and the Board. This review was undertaken by the Nomination and Remuneration Committee and Group Company Secretary.

Board meetings

Director	15 Apr 2021	23 Jun 2021	1 Sep 2021	17 Nov 2021	16 Mar 2022
SB Herring	–	–	–	✓	✓
Dr MT Matshoba-Ramuedzisi	✓	✓	✓	✓	✓
DC Engelbrecht	✓	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓	✓
MH Muller	✓	✓	✓	✓	✓
Dr PA Pienaar	✓	✓	✓	✓	✓
WL Venter	✓	✓	✓	✓	✓
Attendance	100%	100%	100%	100%	100%

✓ Attended – Not a member

BOARD CHARTER continued

During the financial year, the Board held five formal Board meetings, at which an attendance record of 100% was achieved (refer to the table on [page 47](#)). The Board set the strategic objectives of the Group and determined investment and performance criteria. Furthermore, the Board effectively managed the sustainability, property management, control, compliance and ethical behaviour of the businesses under its direction. The Board has established a number of committees in order to give detailed attention to certain of its responsibilities. These committees operate within defined, written terms of reference. During February 2022, the Board also held its annual strategic planning session at which the medium- and long-term strategy of Safari was reviewed and confirmed.

Directors’ declarations and conflicts of interest

Safari has a policy to address the manner in which a Director’s possible interest in a transaction must be quantified, as well as how in such a case the Director’s involvement in the decision-making process should be managed.

Dealing in securities

Directors and Prescribed Officers are prohibited from dealing in Safari securities during certain prescribed restricted periods. Safari has a policy to ensure Directors’ and Prescribed Officers’ compliance with the JSE Listings Requirements and insider trading legislation in terms of the Financial Markets Act.

Procedures for Board appointments

The Board has detailed procedures for new appointments to the Board. Such appointments are to be formal and transparent and a matter for the Board as a whole, assisted, where appropriate, by the Nomination and Remuneration Committee.

Rotation of Directors

No Director shall be appointed for life or for an indefinite period. Directors shall rotate in accordance with the following provisions:

- At each Annual General Meeting, one-third of the Non-executive Directors for the time being shall retire from office, by rotation, provided only that if a Director is an Executive or the CEO, or an employee of the Group in any other capacity, he/she shall not, while he/she continues to hold that position or office,

be subject to retirement by rotation, and he/she shall not, in such case, be taken into account in determining the rotation or retirement of Directors; and

- The appointment of Executive Directors shall be terminable in terms of Board resolutions.

Group Company Secretary

A suitably qualified and competent Group Company Secretary forms part of the team and is appropriately empowered to fulfil his duties with regard to assistance to the Board. His name, business address and qualifications are set out in the “corporate information” section.

The Group Company Secretary assists the Nomination and Remuneration Committee in the appointment, induction and training of Directors. He provides guidance to the Safari Board with reference to their duties and good governance. The Group Company Secretary prepares and circulates board papers and assists with obtaining responses, input and feedback for Board and Board Committee meetings.

Assistance is also provided with regard to the preparation and finalisation of Board and Board Committee agendas based on annual work plan requirements.

The Group Company Secretary ensures that the minutes of Board meetings and Board Committee meetings are prepared and circulated and also assists with the annual evaluations of the Board, Board Committees and individual Directors. The Group Company Secretary reports directly to the Chairperson.

The Safari Board considered and satisfied itself on the competence, qualifications and experience of the Group Company Secretary. The Group Company Secretary effectively enhances his abilities as the gatekeeper of good corporate governance through regularly attending skills development programmes.

Pieter Wynand Le Roux van Niekerk, LLB (UP)

Pieter obtained his LLB degree from the University of Pretoria and subsequently completed his articles at Le Roux van Niekerk Attorneys where he remained as practising attorney focusing on general litigation, property law and conveyancing. He is admitted as a conveyancer and notary of the High Court. Pieter joined Safari during May 2017 as legal adviser and Property Development Manager assisting with the legal aspects and requirements of greenfield projects, from implementation through to fruition. On 14 November 2018, Pieter was appointed as the Group Company Secretary and legal counsel of Safari dealing with all statutory compliance and corporate governance aspects for the Group.

+27 (0) 12 365 1889  
[pieter@safari-investments.com](mailto:pieter@safari-investments.com)

Board size

5  
Non-executive  
Directors

2  
Executive Directors

Gender

14%  
Female

86%  
Male

Race

14%  
African

14%  
Coloured

72%  
White

Average age

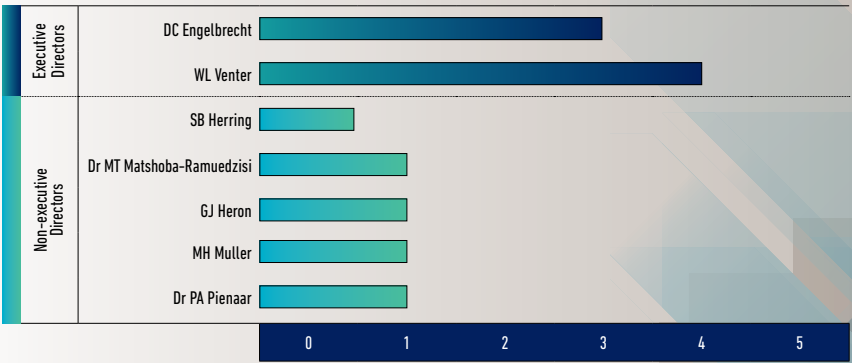
48

29%
30 – 40 years
14%
41 – 50 years
43%
51 – 60 years
14%
61 – 70 years

Average tenure

2,6 years

Directors’ tenure as at 31 March 2022



# BOARD COMMITTEES

## MANAGEMENT COMMITTEE REPORT

The Management Committee is chaired by Safari’s CEO, Mr DC Engelbrecht, and comprises the CFO, COO and members of senior management. The Management Committee convenes on a regular basis and ensures that the Group’s strategy, through business plans, policies, procedures and the sourcing of new business opportunities and budgets, as delegated by the Board, is implemented. The Management Committee reports to the various Board Subcommittees on the day-to-day operations of Safari.

Members	24 May 2021	24 Aug 2021	29 Sep 2021	5 Nov 2021	6 Dec 2021	26 Jan 2022
DC Engelbrecht	✓	✓	✓	✓	✓	✓
MC Basson	✓	✓	✓	✓	✓	✓
U Briel	–	✓	✓	X	✓	✓
T Smith	✓	✓	X	✓	X	X
PWL van Niekerk	✓	✓	✓	✓	✓	✓
WL Venter	✓	✓	✓	✓	✓	✓
Attendance	100%	100%	83%	83%	83%	83%

✓ Attended    X Absent    – Not a member

The Committee satisfied itself that it has maintained the high integrity standards of Safari’s operations and optimised all business resources. Safari has delivered on the Group’s strategy in recent years and is satisfied that the quality of the investment portfolio has improved, as most centres currently have above-market average trading densities.

### THE DUTIES OF THE COMMITTEE INCLUDE:

- managing the approved day-to-day operational budget in terms of the delegation of authority;
- monitoring operational and financial performance;
- the prioritisation and allocation of investment resources within its mandate; and
- sourcing, reviewing and making formal recommendations to the Investment Committee and the Board of new business development projects.

The Committee conducted six meetings and maintained 88% attendance by the Committee members.

On behalf of the Management Committee



**DC Engelbrecht**  
*Chairperson: Management Committee*

Pretoria  
22 June 2022

## NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee currently comprises Mr MH Muller as Chairperson of the Committee together with two additional Board members, all of whom are Independent Non-executive Directors. The CEO and other members of the Board may attend meetings of the Committee by invitation, but do not participate in discussions regarding their own remuneration and benefits.

### DUTIES OF THE NOMINATION AND REMUNERATION COMMITTEE

The Committee:

- develops, reviews, recommends and implements the remuneration philosophy and Remuneration Policy on a regular basis. In this regard, the Committee ensures that the remuneration philosophy and strategy reflect the interests of stakeholders and are comparable with the general remuneration environment in the sector;
- reviews the recommendations of management on fee proposals for the Chairperson and Non-executive Directors and determines, in conjunction with the Board, the final proposals to be submitted to shareholders for approval;
- determines all the remuneration parameters for the Executive Directors and agrees the principles for senior management increases and incentives to be recommended to the Board for final approval; and
- ensures that Safari conducts independent benchmarking surveys on a regular basis

Members	2 Jun 2021	8 Sep 2021	21 Oct 2021	2 Mar 2022
MH Muller	✓	✓	✓	✓
GJ Heron	✓	✓	✓	✓
Dr PA Pienaar	✓	✓	✓	✓
Attendance	100%	100%	100%	100%

✓ Attended

through an independent remuneration specialist to compare the remuneration strategy against similar-size companies in the same industry and with similar complexity. These benchmarking results serve as guidelines to determine the remuneration of Executive Directors and Non-executive Directors and certain senior management roles. The Committee applies its mind in terms of experience, knowledge and skills of every person and how to adjust for these variables.

### REPORT BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee assists in identifying and nominating new Directors for approval by the Board. It considers and approves the classification of Directors as independent non-executives, oversees the induction and training of Directors and conducts annual performance reviews of the Board and various Board Committees in conjunction with the Group Company Secretary.

The Committee, with the assistance of the Group Company Secretary and under the direction of the Chairperson of the Committee, conducted the annual Board assessment. This assessment was reviewed and processed, and formal feedback was conveyed to the Board.

Safari’s remuneration philosophy is to structure packages in such a way that short- and long-term incentives are aimed at achieving business objectives and the delivery of shareholder value. Safari always strives to remunerate fairly, responsibly and transparently.

During the financial year, Mr SB Herring was formally appointed as a Non-executive Director and Chairperson of the Board.

Both Safari’s Remuneration Policy and its Implementation Report will be presented to shareholders for separate non-binding advisory votes thereon at the Annual General Meeting to be held on 17 August 2022. In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report at the meeting, Safari will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns.

During the financial year, the Committee conducted four meetings with 100% attendance by members.

On behalf of the Nomination and Remuneration Committee



**MH Muller**  
*Chairperson: Nomination and Remuneration Committee*

Pretoria  
22 June 2022



# REMUNERATION POLICY

## BACKGROUND STATEMENT

Safari’s Remuneration Policy is aligned to the Group’s strategic objectives. Remuneration is a formidable communicator of the behaviour and outcomes the organisation wishes to reward. The Remuneration Policy remains a primary motivator to employees to actively and diligently work towards achieving the business’ targets.

The Group engages with its shareholders subsequent to every Annual General Meeting regarding particular issues of the Remuneration Policy that were voted against. As much as the Remuneration Policy has been improved over the years, Safari believes that the Remuneration Policy should continuously evolve to ensure that it best meets the needs of all its stakeholders.

The key principles behind the Remuneration Policy are designed to ensure the attraction and retention of high-quality employees and are as follows:

- Competitive remuneration packages that are realistic within the industry and market within which the Group operates;
- Remuneration and rewards support high performance, continuous improvement and a general value-adding culture;
- Employee conduct is in line with Safari values and the code of ethics;
- Key performance deliverables (“KPDs”) are based on economic/financial, social and environmental targets;
- Manage the total cost to company (“TCTC”) for every employee (guaranteed salary);
- Incentive packages to reward both Group performance and individual/team/project performance;

- Reference to external sources on comparative remuneration levels within the industry;
- The Remuneration Policy is reviewed regularly to ensure alignment in a constantly changing market; and
- Attention to and consideration for all employees’ requirements.

A Long-term Incentive (“LTI”) Plan, approved by the Board and adopted by shareholders at the General Meeting on 30 June 2021, is being applied in order to:

- act as an incentive to employees to align themselves with the objectives of the Group;
- facilitate the ability of the Group to attract and recruit employees with the necessary skills and experience to add value to the Group;
- act as a mechanism to facilitate the retention of employees and to encourage a longer-term horizon for decision-making; and
- encourage the ownership of equity in the Group by employees.

## OVERVIEW OF THE REMUNERATION POLICY

A competitive remuneration policy allows Safari to attract and retain quality talent with a high level of competence. This remuneration approach coupled with fostering a culture of collaboration and recognition of superior contribution allows the different elements in the business to function in unison. The Group values are foundational and the recruitment process focuses on recruiting competent employees who believe in and live by the Group’s values and principles. This results in consistency and predictability in highly changing ambiguous economic conditions.

Remuneration and reward-related matters are reviewed and assessed by the Nomination and Remuneration Committee (“the Committee”) which submits recommendations to the Board for final approval. Implementation is subject to shareholder approval at the Annual General Meeting on a non-binding advisory vote.

Non-executive Directors receive board fees as per the Non-executive Director fee

schedule approved by shareholders biannually. Executives receive a basic salary and may be awarded short-term incentive (“STI”) and/or LTI bonuses dependent on Group and individual performance during the previous financial year. STI bonuses are accounted for on a cash-paid basis in the year following the financial year in which the employee was measured.

## Board responsibility

The Board carries ultimate responsibility for the Remuneration Policy. The Committee operates in accordance with a Board-approved mandate and terms of reference. The Board may, when required, refer matters for shareholder approval, for example, new and amended Non-executive Board and Committee attendance fees.

## REMUNERATION STRUCTURE

### Full-time employed staff (including Executive Directors)

The executives, Group Company Secretary and other full-time employees earn a base salary, which is guaranteed annual pay on a cost-to-company basis and includes pension fund and life insurance contributions. Remuneration is subject to annual review and adjustments are effective on 1 April of each year, coinciding with the commencement of Safari’s financial year.

Base salary increases are determined with reference to the South African inflation rate and other generally accepted benchmarks, always with due regard for market-comparable remuneration. The role, responsibilities, qualifications, tenure and complexity are considered in the grading of roles. Salary ranges are also compared to industry norms and considered when any adjustments are proposed.

Components of remuneration are:

- A TCTC package is paid incorporating basic pay, pension fund and life insurance contributions.
- STI bonuses (performance-based) – STI bonuses are awarded on Group and individual performance for the previous financial year and are accounted for on a cash-paid basis in the following financial

year. This aligns individual and Group performance with the short-term objectives of the Group. This approach keeps employees focused on achieving their targets in their critical performance areas.

- A LTI Plan for executives and senior management to motivate management to achieve long-term objectives and the medium- to long-term strategic goals of the Group. The LTI Plan principally consists of Safari shares being awarded and vesting on a three-year rolling period. LTI awards are based on KPDs measuring the achievement of financial, strategic and operational targets of the employee and Group.

Notice periods applicable to the resignation of Directors range from 60 to 90 days, dependent on strategic considerations.

## STI component

All staff participate in STI benefits. Participation is dependent on the classification of staff and their ability to influence the outcome of the success of the business as a whole. The weighting split between Group and personal performance conditions is dependent on the seniority of the employee with more weighting towards Group performance and conditions at more senior levels.

Targets are set annually and are approved by the Board. The Board ensures that targets are realistic in light of market conditions.

## Executives’ KPDs for STI measures considered are:

### Strategic measures

- Responsible for growth in the business: To, inter alia, achieve growth in distributions in line with Board set targets and to execute the strategy to increase net asset value;
- Building a development pipeline: The new pipeline is to be secured in such a way that development risks and balance sheet exposure are limited through the establishment of appropriate structures and possible partnerships; and

- Board/corporate governance: Strategic input to Board decision-making.

### Financial measures\*

- Budget management: Control of corporate administrative expenditure;
- Balance sheet management: Ensuring that the Group maintains a prudent funding strategy in line with approved policies and maintaining the Global Credit Rating; and
- Financial reporting: Timeous delivery of internal and external financial reports.

### Operational measures\*

- Arrears: Measured against arrears as a percentage of the 12-month income;
- Vacancies: Measured by comparing GLA against prior year figures, as well as against peer companies; and
- Benchmarked and industry-related key operational measures as approved by the Committee from time to time.

\* Key financial and operational performance measures are benchmarked against market norms and conditions prevailing; this includes, but is not limited to SAPOA and other market research institutions.

## LTI component (Conditional Share Plan (“CSP”))

The CSP/LTI is aligned with industry best practice and good corporate governance principles. The CSP was approved by shareholders at a General Meeting of shareholders held on 30 June 2021, and the annual allocation of conditional awards (appropriately aligned to market levels) will be made in terms of the approved CSP.

LTI deliverables are developed in line with the strategic plan of the business. Senior staff and executives are eligible for participation in the CSP. The focus of participation is on senior leadership of the Group. The CSP provides for the annual award of performance shares to participants. These shares vest after three years subject to:

- specific performance conditions being met at Group level;
- the participant remaining employed by the Group for the duration of the vesting period;

- only staff who leave the Group as a result of retirement, retrenchment or termination due to ill health (“good” leavers) will receive LTI benefits. They will be prorated in line with their service during the vesting period;
- staff who are dismissed, resign or opt for early retirement will be deemed “bad” leavers and will forfeit their entire award; and
- good leaver principles will be applied in the event of a change in control of the Group.

The total limit of shares that is allocated as part of the CSP will not exceed 5% of the total issued share capital. The calculation of the number of shares issued is a function of percentage of TCTC. The value of shares as a percentage of TCTC at vesting could be substantially different from the percentage on award as a result of changes in the share price. The levels of allocation vary from 10% to 25% of the TCTC depending on seniority levels.

The specific factors that detail the allocation of shares are defined in the CSP rules. The performance conditions that must be met will be determined annually.

KPDs for LTI measures are at the discretion of the Committee and can include the following, but are not limited to:

- absolute total return;
- relative total return;
- relative total shareholder return; and
- a reference to the average personal score on key deliverables over a period.

## Minimum shareholding required for executives

The Group strives to encourage senior executives to build up a shareholding in Safari to align their interests to those of shareholders. Accordingly, a minimum shareholding condition has been decided upon by the Group at a level which is appropriate for each senior executive. Executives are required to build up a personal shareholding in the Group over a five-year period from shares vested through the Group’s LTI Scheme to the extent that this can be achieved from the holding of

REMUNERATION POLICY continued

50% of post-tax vested share awards. The minimum shareholding target for the CEO is 150% of TCTC and the target for the CFO and the COO is 100% of TCTC. The measurement of these holdings will be based on the TCTC of the executives and the market value of their holdings at the end of the fifth anniversary after adopting the LTI Plan, on the basis of the 20-trading day volume-weighted average price ("VWAP") of their holdings. Unvested share awards are not included in the holdings to be measured.

Benchmarking

Benchmarking is performed on a regular basis with reference to companies comparable in size, industry, business complexity and the level of responsibility that the individual assumes to ensure that remuneration is market-related. These surveys provide insight to the Group on remuneration levels as a function of company structure, size and diversity of assets being managed.

Non-executive Directors

The remuneration of Non-executive Directors is also based on an independently benchmarked survey done on a regular basis by the Committee, from where a formal proposal is submitted to the Board for approval. Non-executive Directors sign service contracts with the Group upon appointment.

Non-executive Directors' remuneration is approved by way of a special resolution by shareholders at the Annual General Meeting. The Remuneration Policy and Implementation Report are presented and approved by way of a non-binding advisory resolution at the Annual General Meeting of shareholders.

The effect of the ordinary resolution is to endorse the Group's Remuneration Policy and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the Board will take the outcome of the vote into consideration when considering amendments to the Group's remuneration framework.

Non-executive Directors' remuneration is paid quarterly.

Ad hoc hours policy

The Board may from time to time resolve that an ad hoc committee be constituted or that a member on an individual basis attend to a specific instruction on behalf of the Board.

Committees will preferably be formed for special/ad hoc work, rather than members attending to ad hoc instructions on an individual basis. The Board will only mandate such committee or member subject to the approval of special terms of reference and having given due consideration to a proposed budget for such ad hoc work. Ad hoc committees will attend to specific work on the fee basis outlined for the Social and Ethics Committee as set out in the table under special resolution number 1 on [page 141](#) of the Notice of Annual General Meeting in the 2022 Integrated Annual Report. Ad hoc fees per member working on an individual basis will be limited to an amount equal to the quarterly member retainer fees. Should the fees be expected to exceed the aforementioned limit, prior approval must be requested from the Chairpersons of the Board and the Committee who, in their discretion, may refer the matter to the Board for deliberation prior to any further work being done.

Group Company Secretary

The Committee also reviewed and assessed the Group Company Secretary's competence, qualification and experience. The Committee assesses the Group Company Secretary on a continual basis in order to ensure that he is qualified and competent to act as the Company Secretary. A formal written assessment and performance review is done on an annual basis and submitted to the Board in order to discharge its duties in terms of JSE Listings Requirement 3.84(h).

Mandate and authority

The CEO of the Group as well as the Committee shall take into account this Remuneration Policy, and any other relevant documents such as the Committee's terms of reference, when considering remuneration-related matters before it.

The Committee has full discretion in determining appropriate remuneration policies and practices for the Group, including but not limited to, annual remuneration increases, performance bonuses and share incentives in terms of the LTI Plan. The CEO has full discretion to implement and manage the remuneration principles and policies of the Group with regard to any full-time employee.

The Committee shall, as deemed necessary, report significant deviations from the principles set forth in the Remuneration Policy to the Board.

IMPLEMENTATION REPORT

The Committee reviewed and assessed salary adjustments and escalations of executives and made formal recommendations to the Board who approved and implemented all adjustments and escalations. Except for the executives all Board members receive board fees.

NON-EXECUTIVE DIRECTORS' REMUNERATION

At a General Meeting held on 30 June 2021, the special resolution pertaining to Non-executive Directors' fees was passed for the period 1 April 2020 to 31 March 2022. Furthermore, at the Annual General Meeting held on 19 August 2021, the non-binding advisory vote on the Remuneration Policy and Implementation Report was approved by shareholders with 97,3% of the total votes in favour of the Remuneration Policy and Implementation Report.

As much as the Remuneration Policy has been improved over the years, the Group believes that the Remuneration Policy should continuously evolve to ensure that it best meets the needs of staff, the Group and its stakeholders.

The reason for the non-binding advisory vote by shareholders is that King IV™ recommends, and the JSE Listings Requirements require, that the implementation report of a company be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting of the Group. This enables shareholders to express their views on the Remuneration Policy adopted.

Board fees, as approved by shareholders at the General Meeting held on 30 June 2021 for the period 1 April 2020 until 31 March 2022, are as follows:

	1 April 2020 – 31 March 2022
<b>Board retainer fee (quarterly)</b>	
Board Chairperson	R45 000
Member	R26 250
<b>Board meeting (per attendance)</b>	
Board Chairperson	R45 000
Member	R26 250
<b>Audit and Risk Committee meeting (per attendance)</b>	
Committee Chairperson	R25 000
Member	R20 000
<b>Nomination and Remuneration Committee meeting (per attendance)</b>	
Committee Chairperson	R15 750
Member	R14 175
<b>Social and Ethics Committee meeting (per attendance)</b>	
Committee Chairperson	R15 750
Member	R10 000
<b>Investment Committee meeting (per attendance)</b>	
Committee Chairperson	R20 000
Member	R15 000
<b>Ad hoc committee meeting (per attendance)</b>	
Committee Chairperson	R15 750
Member	R10 000
<b>Ad hoc/hour</b>	R2 500



BOARD COMMITTEES continued

IMPLEMENTATION REPORT continued

The Non-executive Directors’ remuneration for the financial year ended 31 March 2022 was as follows:

Name	Directors’ fees R	Committee fees R	Ad hoc committee/ ad hoc hours R	Total R
<b>2022</b>				
SB Herring	235 000	40 000	–	275 000
Dr MT Matshoba-Ramuedzisi	282 500	155 000	–	437 500
GJ Heron	421 250	106 700	–	527 950
MH Muller	308 750	208 000	–	516 750
Dr PA Pienaar	308 750	203 950	–	512 700
<b>Total</b>	<b>1 556 250</b>	<b>713 650</b>	<b>–</b>	<b>2 269 900</b>
<b>2021</b>				
Dr MT Matshoba-Ramuedzisi	83 315	45 000	10 000	138 315
GJ Heron	186 196	76 700	15 750	278 646
MH Muller	83 315	66 500	10 000	159 815
Dr PA Pienaar	126 685	94 025	10 000	230 710
FN Khanyile <sup>1</sup>	126 970	50 000	–	176 970
M Minnaar <sup>1</sup>	126 970	112 525	–	239 495
K Pashiou <sup>1</sup>	126 970	30 000	18 750	175 720
CR Roberts <sup>1</sup>	127 541	30 000	52 500	210 041
AM Slabber <sup>1</sup>	85 055	14 175	202 807	302 037
ER Swanepoel <sup>1</sup>	49 615	24 175	222 048	295 838
AE Wentzel <sup>1</sup>	182 017	113 000	–	295 017
<b>Total</b>	<b>1 304 649</b>	<b>656 100</b>	<b>541 855</b>	<b>2 502 604</b>

<sup>1</sup> Resigned during the prior financial year.

There are no benefits such as pension or medical benefits for Non-executive Directors.

EXECUTIVES’ REMUNERATION

Total Guaranteed Package

The CEO, CFO, COO, Group Company Secretary and other full-time employees earn guaranteed annual pay on a cost-to-company basis. Remuneration is subject to annual review and adjustments are effective on 1 April of each year, coinciding with the commencement of Safari’s financial year.

Base salary increases are determined with reference to the South African inflation rate and other generally accepted benchmarks, with due regard for market-comparable remuneration. Role, responsibilities, qualifications, tenure, complexity and ambiguity are among the factors that are considered in the grading of roles. Salary ranges are also compared to industry norms and considered when any adjustments are proposed. The increases applied were in line with industry figures.

STIs (performance-based) are awarded based on KPDs for Group and individual performance for the previous financial year and accounted for on a cash-paid basis this financial year. The weighting split between Group and personal performance conditions is dependent on the seniority of the employee with more weighting towards Group performance at more senior levels. Furthermore, employee benefits are awarded which includes life and disability cover, funeral cover and retirement savings.

Executives’ remuneration for the year ended 31 March 2022:

Name	Total base pay R	STI R	Benefits <sup>1</sup> R	Total R
<b>2022</b>				
DC Engelbrecht <sup>2</sup>	2 890 078	349 888	86 702	3 326 668
WL Venter <sup>2</sup>	2 586 408	337 861	77 592	3 001 861
MC Basson <sup>2,3</sup>	1 358 249	133 178	40 747	1 532 174
<b>Total</b>	<b>6 834 735</b>	<b>820 927</b>	<b>205 041</b>	<b>7 860 703</b>
<b>2021</b>				
DC Engelbrecht <sup>2</sup>	2 646 988	213 000	79 410	2 939 398
WL Venter <sup>2</sup>	2 556 000	213 000	76 680	2 845 680
<b>Total</b>	<b>5 202 988</b>	<b>426 000</b>	<b>156 090</b>	<b>5 785 078</b>

<sup>1</sup> Benefits include retirement savings contributions, life insurance, disability and funeral cover.  
<sup>2</sup> Remuneration is a fixed total base pay in terms of an employment agreement, a cash bonus based on performance appraisals and benefits such as retirement savings and life insurance.  
<sup>3</sup> The original role of MC Basson (head of Asset Management) was formally transitioned to the executive position of COO on 17 November 2021. MC Basson, however, does not hold a Board position.

Short-term Incentive

The scores that are reflected below are the assessment of the performance of executives in the context of the corporate and personal deliverables. Performance against KPDs is measured to ensure that executives are aligned to strategic priorities and deliver value for stakeholders. KPD targets for the 2022 financial year were approved by the Committee. Scores against targets, relating to the 2022 financial year, will be used to determine 2022 STIs. KPD targets are monitored, assessed and set relative to peer group performance.

The corporate KPDs that were used to determine the Group performance were as follows, with set pre-agreed targets in terms of each KPD:

Key performance deliverable	Scoring based on pre-set targets in line with the medium-term corporate strategy	Weighting
SA REIT NAV growth	Growth of SA REIT NAV per share measured against peer group performance. Under current circumstances, the Board would expect Safari to achieve at least 4% – 6% growth in SA REIT NAV.	10%
Funds from operations (“FFO”)	Earnings per share adjusted for depreciation, fair value adjustments and distributions. The Board is of the view that the FFO in conjunction with other metrics like growth rates, dividend history and debt ratios should be considered. Target set for 4% – 6% growth year-on-year for the 2022 financial year.	20%
Operational budget	Measures the ability of management to manage an approved budget.	10%
SA REIT LTV	SA REIT LTV ratio should be below 40%.	10%
Total return versus peer group	Price performance, total return and VWAP for the year compared to the prior year benchmarked against the average of the peer group.	30%
Strategic components	<ul style="list-style-type: none"><li>The formal unwinding of the Southern Palace transaction</li><li>The sale of at least 50% of the remaining The Pier Luxury Apartments in Swakopmund, Namibia</li><li>The sale of the Soweto Day Hospital</li></ul>	20%

IMPLEMENTATION REPORT continued

The **personal KPDs** that were used to determine the performance for individual executives were as follows, with set pre-agreed targets in terms of each KPD specifically adjusted with reference to each executive’s specific focus area (financial, operational and non-financial):

Key performance deliverable	Scoring based on pre-set targets in line with the short-term corporate strategy	Weighting
Total cost: total income ratio	Measures management’s performance with regard to budget management. The Board is of the view that a healthy cost-to-income ratio should be between 34% and 36% given current economic circumstances.	10%
Distributable income per share growth	Measures the growth in 100% of distributable income as per the distribution statement. The Board’s view is that Safari should manage at least a 6% increase year-on-year.	10%
Trading density growth	Calculated on trading square metres and measured against SAPOA/MSCI market data. The Board expects to see continued growth and improvement on this figure – target set at 12-month average Consumer Price Index (“CPI”) + 2% for year-on-year growth.	10%
Net operating income growth	Relative to peer group performance and the market in general (SAPOA/MSCI market data). Net operating income should reflect growth year-on-year of at least 6%.	10%
Tenant arrears	Measures the total arrears of the total collectable for the period. This will be benchmarked against peer group performance – on average, tenant arrears should be below 2,5% of total collectable rental. Calculated on the basis of what was billed for the 12-month period versus collections for the 12-month period. The opening balance as at 1 April is excluded from arrears but payments made during the financial year on opening balances will also be excluded from the collections figure.	10%
Bad debt write off	Measured relative to peer group performance – on average, bad debts written off should be below 0,5% of billed rental for the period.	10%
Reversion rate	Relative to peer group performance – the Board’s target for management is to achieve positive reversions on the Safari portfolio given the post-COVID-19 climate. Calculated on the square metres renewed or relet from total GLA either expiring or terminating during the period.	10%
Renewal/reletting	Majority of leases expired/terminated during the period should be renewed or relet. Target set at 90%.	10%
Occupancy rate	Measured relative to peer group performance (retail only). The Board has set a target for management to improve the current vacancy factor.	10%
Transformation	BBBEE targets as set out in the corporate strategy – for the 2022 financial year, the Board’s target is to reach Level 7.	10%

The average STI scores for the executive team is as follows:

Corporate KPD	Personal KPD	Weighted total (corporate KPD 80%/ personal KPD 20%)
84,2%	91,2%	85,6%

STI (cash bonus) is a factor of Total Guaranteed Package adjusted by the outcome of the aforementioned KPD scorecard.

Long-term Incentive

The LTI Plan was approved at the General Meeting held on 30 June 2021. The objective of the LTI is to, inter alia, provide eligible employees with the opportunity to share in the success of the Group and to be incentivised to deliver the business strategy over the long term. A copy of the LTI Plan is available at <https://www.safari-investments.com/corporate-governance>.

Any LTI award is based on 50% attributed to performance shares and 50% to retention shares. Performance shares vest on the anniversary of the award date on a rolling basis over a three-year period, subject to the fulfilment of the conditions set out as follows, the individual and Group performance as the measure over the measurement period as well as the applicable restricted period. The retention shares will vest on the anniversary of the award date on a rolling basis over a three-year period, subject to the fulfilment of the employment condition mentioned as follows as well as any applicable restricted periods.

The performance shares awarded are subject to the fulfilment of the following performance conditions:

Key performance measure	Measure	Weight	Threshold 30% vesting	Target 60% vesting	Stretch 100% vesting
Financial	Absolute total return	30%	Risk-free rate* plus 3%	Risk-free rate* plus 4%	Risk-free rate* plus 5%
	Relative total return	30%	40th percentile	60th percentile	75th percentile
	Relative total shareholder return	30%	40th percentile	60th percentile	75th percentile
Non-financial	Average personal score over three-year vesting period	10%	71% – 80%	81% – 90%	91% – 100%
Total		100%			

\* The risk-free rate is the annual average 10-year bond yield.

Definitions

- i. Absolute total return: ((Closing SA REIT net asset value per share – Opening SA REIT net asset value per share) + dividend per share for the period) ÷ Opening SA REIT net asset value per share.
- ii. Relative total return: Total return versus FTSE/JSE REIT Index (for avoidance of doubt, the FTSE/JSE REIT Index will be adjusted to exclude those REITs with significant foreign interests).
- iii. Relative total shareholder return: ((Closing 90-day VWAP – Opening 90-day VWAP) + dividend per share for the period) ÷ Opening 90-day VWAP measured against FTSE/JSE REIT Index (for avoidance of doubt, the FTSE/JSE REIT Index will be adjusted to exclude those REITs with significant foreign interests).
- iv. Average personal score on KPDs over a three-year rolling period.

In addition, vesting of any shares is subject to the fulfilment of the employment condition being that the staff member remains in the continued employment of the Group throughout the period in which shares are vesting.

The Group may in its discretion elect to make a payment equivalent to any distribution paid by the Group in cash in respect of an award, subject to vesting and the provisions of the LTI Plan. Such payment will be paid as soon as reasonably practicable following the vesting date, having regard to the payroll cut-off date of the Group.

All awards will immediately lapse if employment with the Group terminates prior to the vesting date for any reason other than death, retrenchment, normal retirement, material ill-health or disability, or transfer of employment, all as further detailed in the LTI Plan. Vesting of a number of unvested awards shall be accelerated in the event of death or permanent disability, and shall be adjusted taking account of such acceleration as set out in the plan.

The Group may decide at any time during the period from settlement or payment until the fifth anniversary of the award date that an employee may be subject to clawback if the Group is of the view that certain circumstances arise. The Group may withhold any amounts or make such arrangements as are necessary or considered appropriate to meet any liability for taxation or other liabilities in respect of any award or the vesting, accrual or settlement thereof.

Shareholders are referred to the SENS announcement dated 3 August 2021 detailing awards made in respect of the 2021 financial year during the 2022 financial year:

Name	Title	LTI shares awarded during 2022 FY <sup>1</sup>	Value of shares at award date	Restricted period applicable	Vesting date <sup>3</sup>	Vested during 2022 FY	Value of shares vested during 2022 FY	Total unvested	Total vested
<b>2022</b>									
DC Engelbrecht	CEO	194 815	R744 195,00	24 months	June 2024	–	–	194 815	–
WL Venter	CFO	174 346	R666 000,00	24 months	June 2024	–	–	174 346	–
MC Basson	COO	49 633	R189 599,40	24 months	June 2024	–	–	49 633	–
Total <sup>2</sup>		418 794	R1 599 794,40			–	–	418 794	–

<sup>1</sup> Award to be adjusted prior to the vesting date in accordance with performance conditions and weighting as described above.  
<sup>2</sup> The total amount only refers to the executives participating in the LTI Plan. Other participating employees are excluded.  
<sup>3</sup> Commencement of the rolling three-year period as per approved LTI Plan post adjustment according to <sup>1</sup> above

Statement regarding compliance with, and any deviations from, the Remuneration Policy

The Committee is satisfied that there was compliance with the Remuneration Policy during the year and that there were no deviations from the Remuneration Policy during the year.



BOARD COMMITTEES continued

# INVESTMENT COMMITTEE REPORT

The Investment Committee is chaired by Safari’s Chairperson, Mr SB Herring, and comprises one Executive Director and three Non-executive Directors. Other Board members and members of senior management attend meetings by invitation. The Committee meets when decisions are required to acquire, dispose of or significantly redevelop property assets.

The Committee oversees the Group’s investment strategy which is focused on convenience and small regional retail centres in peri-urban and rural areas and with growth being targeted through yield-accretive acquisitions, redevelopment or development opportunities as well as expansion or value-accretive additions to existing assets. The Investment Committee conducted three meetings during the year, with 100% attendance by the Committee members.

The Committee has a proactive approach with regard to repairs and maintenance of buildings, thereby keeping the assets in Safari’s portfolio attractive, defensive and resilient, in line with the Group’s strategy to ensure sustainable income for the future.

- The duties of the Investment Committee include, but are not limited to:
- the prioritisation and allocation of capital resources in terms of the Group strategy;
  - monitoring operational and financial performance as reported by the Management Committee;
  - considering recommendations from management for acquisitions, capital expenditure or disposals;
  - authorising and approving such transactions and capital expenditure within its approval mandate;
  - making recommendations to the Board for approval regarding transactions and capital expenditure outside its approval mandate;
  - overseeing the development and implementation of business plans, policies,

Members	14 Jun 2021	16 Nov 2021	28 Feb 2022
SB Herring	–	✓	✓
DC Engelbrecht	✓	✓	✓
GJ Heron	✓	✓	✓
MH Muller	✓	✓	✓
Attendance	100%	100%	100%

✓ Attended – Not a member

- procedures and strategy for growth by the Management Committee; and
- the development and implementation of Safari’s investment policy and, more specifically:
    - presenting Safari’s investment policy and corporate strategy to the Board, annually, for approval;
    - considering economic and business conditions affecting Safari, and reviewing and adapting the policy accordingly; and
    - approving internal processes relating to investment transactions, including all documentation required to be completed and maintenance of records.

## INVESTMENT STRATEGY

Opportunities to enhance capital efficiency are actively pursued by the Board as the Group is positioning its business for growth. Improving the size and quality of its properties are key priorities for 2022/23 as refurbishments, solar investments and ancillary services are being rolled out. The Group’s most recent projects include the refurbishment of Victorian Village in Heidelberg, the expansion of Nkomo Village Shopping Centre in Atteridgeville, the addition of a filling station at Mnandi Shopping Centre, planning for the development of a mixed-use precinct at Safari’s Lynnwood property and refurbishments at Denlyn Shopping Centre. The Group is actively pursuing such yield-accretive local developments as an integral part of its strategy going forward.

In line with the Group’s strategic focus on dominant retail assets in peri-urban and township areas, Safari has earmarked two non-core assets for disposal. There is engagement with potential buyers for Soweto Day Hospital and Mnandi Shopping Centre. The sale of these assets is in line with the Board’s objective to optimise

capital allocation and focus on higher-yielding retail opportunities.

The majority of the 36 residential apartments forming part of the Platz am Meer mixed-used development have been sold. Safari is confident that the remaining balance of six units will be sold during the 2023 financial year. The medium- to longer-term view is for Safari to exit Namibia and focus on the South African retail landscape. Unused vacant land such as the erven in Swakopmund, Namibia and Sebokeng, Johannesburg will also be disposed of or developed as soon as possible.

## INVESTMENT ACTIVITY

### Victorian Village Shopping Centre (redevelopment)

Situated adjacent to the CBD of Heidelberg, the 24-year-old Victorian Village centre is a prominent convenience retail destination for Heidelberg and surrounding towns. Anchored by a very successful Pick n Pay, and with most tenants being well-known national retailers, the centre has a very loyal local support base. The refurbishment project approved for R68 million initially, is near completion with new tenants being Jonsson Workwear, West Pack, Petzone, PNA, Megabyte, Sheet Street and Spec-Savers. Safari has made progress over the past few years with solar power systems now installed at almost full capacity at most centres in the portfolio. Victorian Village boasts a solar photovoltaic system of 711kWp capacity producing on average 30% of the electricity consumed in the centre and preventing the release of 80 000kg of harmful CO<sub>2</sub> emissions into the atmosphere every month. Phase III of this project included a food court area which were put on hold due to the severe impact of COVID-19 on this industry and subsequently the project value has been adjusted to R54 million.

**Project value:** R54 263 211  
**Forward yield achieved:** 9,2%  
**Approved:** September 2020  
**Construction commenced:** Q1 2021  
**Relaunched:** March 2022

### Denlyn Shopping Centre (tenant mix upgrade)

At Denlyn Shopping Centre in Mamelodi, Pretoria, a Boxer Super Store was successfully added as a fourth food anchor to the already strong tenancy of Shoprite, SuperSpar and Wattloo Meat & Chicken. Altogether, 11 new national tenants were added including SuperSpar, Tops, Nando’s, Ackermans Woman, Code, Side Step, RFO and Sneaker Factory (both part of TFG), Fuel (part of Truworths and located within their store) and Power Fashion. All of the new national tenant additions, together with the refurbishment planned for this almost 20-year-old centre, will strengthen Denlyn by attracting a new target market in the node allowing for complementary trade within the centre and ensure that it will retain its dominance in the market as the preferred shopping destination in Mamelodi.

**Project value:** R34 056 053  
**Approved:** June 2022  
**Construction to commenced:** Q1 2023  
**Anticipated relaunched:** Q2 2024

### Viva filling station at Mnandi Shopping Centre

Mnandi Shopping Centre is conveniently located on the very busy main carriageway, Maunde Road, into Atteridgeville. The Committee reviewed various offers received from oil companies and has approved a capital project for the development of a Viva filling station to the value of R13 million.

The process of obtaining a site licence, plan approval from council and construction of the filling station is anticipated to be completed in Q2 2023.

**Project value:** R13 million  
**Forward yield:** 15% expected  
**Approved:** June 2021  
**Construction to commence:** Q1 2023  
**Anticipated opening:** Q2 2023

### Nkomo Village Shopping Centre (expansion)

Nkomo Village commenced trading in November 2018. A 4 031m<sup>2</sup> expansion will now see among others the addition of Shoprite to ensure that the centre caters for a broader market and an influx of additional customers. FNB will also be opening a branch, creating a banking node, together with the Capitec branch. A first Burger King drive-through for the area will also be added. The site was officially handed over for construction on 11 April 2022 and the expected completion date is December 2022. Support and loyalty from the Atteridgeville community is substantial at Nkomo Village as Safari hosts various workshops there in support of employment and skills. These workshops educate the youth on CV compilation, job interviews and personal conduct in the workplace. The Group will also invest in supplier development and safety regulation training in support of employment within the Atteridgeville community during the construction phase.

**Project value:** R63 344 184<sup>1</sup>  
**Forward yield:** 11,5% expected  
**Approved:** November 2021  
**Construction commenced:** April 2022  
**Anticipated opening:** December 2022

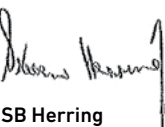
### Lynnwood development (mixed-use)

A new mixed-use development for the popular Lynnwood precinct in the east of Pretoria is in planning phase. Safari owns this 13 000m<sup>2</sup> property on Lynnwood Road and will, at an attractive yield, develop a 5 000m<sup>2</sup> convenience retail centre, a section of pre-let office space as well as a residential component in accordance with market demand.

Safari remains well positioned to take advantage of growth opportunities in the local market and will continue to seek efficiencies across the business. It will also ensure that all of its assets are maintained at a high standard and that smaller refurbishments of its existing assets such as Atlyn, Denlyn and Thabong are done on a continual basis to maintain their dominance in the market and to ensure sustainable income for shareholders.

The Committee is satisfied that Safari has continued to operate within the Group’s strategy and investment mandate.

On behalf of the Investment Committee

  
**SB Herring**  
Chairperson: Investment Committee

Pretoria  
22 June 2022

<sup>1</sup> The initial project value of R54 million was increased in June 2022 to R63 million to include a borehole and back-up water system. This is to ensure continuous trade in case of interrupted service delivery and for fire fighting equipment compliance

## Bulk reserve or stands available for future investments

Name	Location	Cost at acquisition R’000	Market value R’000	Size m <sup>2</sup>	Ownership
Sebokeng Erf 77666	Moshoeshoe Street, Sebokeng	4 050	1 900	2 200	Freehold
Lynnwood Erven 582, 1064, 585 and remaining extent of Erf 586	Cnr Lynnwood and Rodericks Streets, Lynnwood, Pretoria	40 795	32 100	13 133	Freehold
Nkomo Village (remaining bulk) <sup>2</sup>	49 Tlou Street, Atteridgeville	–	1 742	2 053	Freehold
Swakopmund	Cnr Albatros and Tsavorite Streets, Swakopmund, Namibia	–	31 762	8 377	Freehold

<sup>2</sup> Remaining bulk available after initial available bulk used for the expansion currently underway.

BOARD COMMITTEES continued

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee currently comprises Dr PA Pienaar as Chairperson of the Committee, together with Dr MT Matshoba-Ramuedzisi and Mr WL Venter. During the financial year, the Committee conducted three meetings with 100% attendance by the members.

The Committee’s function is to ensure that Safari carries out its business in an ethical and socially responsible manner and to report to the Board on organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships. The statutory duties of the Committee are discharged in terms of Sections 72(4) and (5) of the Companies Act, read with Regulation 43 of the Companies Regulations.

The policy on race, gender, culture, age, field of knowledge, skills and diversification for the Board and staff is reviewed annually and formal recommendations or amendments are made if necessary. The Group is mindful of transformation targets and the Social and Ethics Committee is responsible for the monitoring of progress in complying with the BBBEE scorecard. Furthermore, the Employment Equity and BBBEE Committees are in place and report to the Social and Ethics Committee on a regular basis. Regarding the BBBEE scorecard and progress made, refer to the environmental, social and governance review report on [page 30](#).

Safari is committed to being a good corporate citizen. In this regard, the Board’s strategy is to focus on social upliftment

Members	26 May 2021	20 Oct 2021	3 Mar 2022
Dr PA Pienaar	✓	✓	✓
Dr MT Matshoba-Ramuedzisi	✓	✓	✓
WL Venter	✓	✓	✓
Attendance	100%	100%	100%

✓ Attended

within the communities where the Group operates, with specific focus on sustainable programmes to enhance education of the youth. Safari’s main aim is to build relationships with local educational authorities that have adopted the shopping centres being operated by Safari as a critical part of their societies.

Safari strives to maintain an ethical culture and adheres to a code of conduct and whistle-blowing policy adopted by the Board. The policy is reviewed annually in order to ensure that it stays relevant and compliant.

The Committee is dedicated to ensuring that the business operations of Safari not only improve the quality of life of the people living within the catchment area of its shopping centres by creating easy access to a first-class shopping experience, but also by creating local employment opportunities and assisting with the upskilling of the local communities.

Examples of involvement during the 2022 financial year are as follows:

- Education is our Future – This programme assists teachers and learners at the Umthombo Primary School in Mamelodi as well as Bud Mbele Primary School in Atteridgeville with literacy, mathematics and other valuable learning programmes. Safari also contributed to the upgrades of the school’s Grade R classrooms.
- Denlyn Star initiative – An ongoing Safari initiative that focuses on entrepreneurial

- development of the youth and the recognition of young achievers in the Mamelodi community.
- Denlyn Little Star initiative – An ongoing Safari initiative that creates and encourages a love for the written word and supports future authors within the Mamelodi community.
- Jewels of Atteridgeville – An ongoing Safari initiative that aspires to empower young artists and entrepreneurs in the Atteridgeville community and surrounding areas to develop their talents. Projects include art competitions, workshops and exhibitions in Atteridgeville.
- Food donations as well as support to the communities surrounding our centres during the riots and looting in 2021.
- Tshepong Care Centre in Thabong and Halaletsang Safety Home in Atteridgeville – We collaborated with our Thabong, Atlyn and Nkomo tenants in order to assist these orphanages with basic food necessities.

The Committee confirms that it has fulfilled its mandate and there are no instances of material non-compliance to disclose.

Dr PA Pienaar  
Chairperson: Social and Ethics Committee

Pretoria  
22 June 2022

APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA™

Being listed on the JSE, the Group complies with the principles of King IV™ and the mandatory corporate governance requirements of the JSE Listings Requirements. The Board has a stakeholder-inclusive approach in the execution of its governance role and responsibilities and is committed to the principles of King IV™.

The Companies Act places certain duties on directors and determines that they should apply the necessary care, skill and diligence in fulfilling their duties. To ensure that this is achieved, the Board applies best practice principles as contained in King IV™.

Paragraph 8.63 (a)(i) of the JSE Listings Requirements stipulates that issuers are required to disclose the implementation of King IV™ through the application of the King IV™ disclosure and application regime. For the period ended 31 March 2022, Safari applied all the principles of King IV™ as disclosed below.

King IV™ advocates an outcome-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of four governance outcomes, each containing a number of principles (17 principles in total). The desired outcomes are listed below, together with the practice implemented and progress made towards achieving the 17 principles.

GOVERNANCE OUTCOME ONE: ETHICAL CULTURE

Principle 1

Leadership: The Board should lead ethically and effectively

The Safari Board is the governing body and is committed to the good corporate governance principles as set out in

King IV™. Safari’s values of quality, integrity, improvement and innovation guide the behaviour on how the Board must discharge its duties and responsibilities.

The Directors hold one another accountable for decision-making. Board members are under a legal duty to prevent conflicts of interest with the Group and are obliged to make full disclosure of any areas of conflict prior to any consideration or discussion by the Board of such matters, and may not take part in any discussion and must recuse themselves from voting on such matters. Furthermore, the Board has a conflict of interest policy in this regard.

The Chairperson is tasked to monitor this as part of his duties and the annual Board assessment is managed by the Nomination and Remuneration Committee for and on behalf of the Chairperson. The Board will conduct ongoing assessments to ensure that the ethical characteristics demonstrated by the individual Directors are continued.

In order to ensure effective appointments of Board members, committee members and executives are proposed by the Nomination and Remuneration Committee to enhance the appropriate mix of skills and independence of thought. New Board members appointed from time to time are given a detailed and appropriate induction into the business and affairs of the Group.

Principle 2

Organisational ethics: The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture

The Board determines and sets the tone for Safari’s values and the requirements of being a responsible corporate citizen. The Board has a fiduciary duty to act in good faith, with due care and diligence and in the best interest of all stakeholders. While control of the day-to-day management is delegated to the management team, the Board retains full and effective control over the Group. The responsibility for monitoring the overall responsible corporate citizenship performance of the organisation is delegated to the Social and Ethics Committee by the Board.

A whistle-blowing policy is in place where stakeholders can report any unethical practice or fraud anonymously and free from victimisation. The whistle-blowing policy and reviewed code of ethics are part of a variety of initiatives that are in place to create awareness of ethical conduct requirements.

Safari’s code of ethics (“the code”), as adopted by the Board, guides the ethical behaviour of all Safari employees and Directors to ensure that Safari maintains the highest level of integrity and ethical conduct. The code deals with duties of care and skill as well as those of good faith, including honesty, integrity and the need to always act in the best interest of the Group. The code is published on the Group’s website and incorporated as an addendum in employee contracts, as well as in employee induction and training programmes.



## APPLICATION OF THE KING IV REPORT ON CORPORATE GOVERNANCE FOR SOUTH AFRICA™ continued

### Principle 3

**Responsible corporate citizenship: The Board should ensure that the organisation is, and is seen to be, a responsible citizen**

As guardian over the values and ethics of the Group, the Board annually reviews its responsibility at its strategy session. Business strategy and priorities are assessed, reviewed, formalised and approved in accordance with the Board's role of overseeing the Group's conduct as a good corporate citizen. It is imperative for the Safari Board to ensure that the consequences of the Group's activities do not adversely affect its status as a responsible corporate citizen in the geographical areas within which it operates, with due regard to social and environmental issues.

The Board, with the support of the executive team, oversees and monitors how the operations and activities of the Group affect its status as a responsible corporate citizen. This is measured against agreed performance targets that are in support of Safari's strategic imperatives.

The performance targets contain financial and non-financial measures. Non-financial measures encompass the areas of workplace, economy, society and the environment so that the Group's core purpose and values, strategy and conduct are congruent with it being a responsible corporate citizen.


The Group holistically considers its responsibilities in the areas of workplace, society in general and the environment, all being key inter-related factors in ensuring the sustainability of the Group's business.

## GOVERNANCE OUTCOME TWO: PERFORMANCE AND VALUE CREATION

### Principle 4

**Strategy and performance: The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process**

The Board's paramount responsibility is to ensure that it creates value for its shareholders while taking into account the interests and expectations of its stakeholders. The Directors individually and collectively assist the Group to realise its strategic objectives; to manage risk and opportunities that could threaten or enhance the Group's ability to provide sustainable long-term growth; to maintain and enhance efficiencies within the Group's businesses and to support business customers.


Safari's ability to create value in a sustainable manner can be found on  **pages 30 to 41** of the environmental, social and governance review. Safari aligns its strategic objectives with reference to its risks and opportunities. The Board continuously assesses both the positive and negative outcomes resulting from its business model and responds to them.

### Principle 5

**Reporting: The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects**

The Board ensures that communication is done effectively in a transparent, clear, balanced and truthful manner with the highest regard to integrity and ethical standards.

Safari circulates and publishes its Interim and Integrated Annual Reports both online and in printed form. The reports connect the more detailed information at a high level and in a complete, concise way with respect to matters that could significantly affect or improve the Group's ability to create sustainable value. The reports also include the consolidated annual financial statements and comply with legal requirements and required disclosures.


Information is also made available to stakeholders via investor presentations, roadshows and on the Group's website at  [www.safari-investments.com](http://www.safari-investments.com).

## GOVERNANCE OUTCOME THREE: ADEQUATE AND EFFECTIVE CONTROL

### Principle 6

**Primary role and responsibilities of the Board: The Board should serve as the focal point and custodian of corporate governance in the organisation**

The Board's role, responsibilities and procedural conduct are documented in the Board Charter to guide effective functioning. The Board serves as the focal point and custodian of corporate governance of Safari. The Board meets quarterly to attend to general matters and once annually to assess, review and approve its ongoing short- and medium-term strategies. Additional meetings may be convened if necessary.

Information on the performance of the Group for the year to date, and any other matters for discussion at Board meetings, are circulated well in advance of every meeting. At Board meetings financial, non-financial and qualitative information that may have an impact on stakeholders is considered. Refer to  **pages 47 and 50 to 62** for details on Board and Board Subcommittee meetings.

An appropriate governance framework and the necessary policies and processes are in place to ensure that the Group and its subsidiaries adhere to industry accepted governance standards.

### Principle 7

**Composition of the Board: The Board should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**


On 23 September 2021, Mr GJ Heron resigned as Chairperson of the Board, and Mr SB Herring was appointed as Chairperson.

The Board, with the assistance of the Nomination and Remuneration Committee, considers, on an annual basis, its

composition in terms of balance of skills, experience, diversity, independence and knowledge, and whether this enables it to effectively discharge its role and responsibilities. The Board is satisfied that there is a balance of skills, experience, diversity, independence and knowledge needed to perform its role and responsibilities. The Board has strengthened its succession plan to also include succession in the event of an unforeseen event.

Safari has a Board of seven members and, in accordance with King IV™, the majority of the Directors are Non-executive Directors of which the majority are independent. The Board comprises two executive members, four Independent Non-executive members and one Non-executive Chairperson. As per King IV™, Dr MT Matshoba-Ramuedzisi is appointed as the Lead Independent Non-executive Director to strengthen the independence of the Board. The roles of Chairperson and CEO are separate. All Board members are suitably qualified to act in the best interest of stakeholders.

The independence of Directors is reviewed on an annual basis against criteria stipulated in King IV™, and arrangements for the periodic, staggered rotation of Board members are contained within the Group's Memorandum of Incorporation and are duly applied.

Refer to  **pages 42 and 43** reflecting the skills and experience of the Board.

### Principle 8

**Committees of the Board: The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of duties**

The Board has established five Board Subcommittees to assist the Directors in fulfilling their duties and responsibilities. Each committee has formal terms of reference and reports to the Board at regular intervals. The terms of reference set out the objectives, authority, composition and responsibilities of each committee and have been approved by the Board. All

committees are free to take independent external professional advice as and when required at the Group's expense.


Membership of the committees is as recommended by King IV™.

The composition of the committees of the Board is balanced as well as the distribution of authority between the Chairperson and the rest of the Directors. It should not lead to instances where individual(s) dominate decision-making within governance structures or where undue dependency is caused.

The Audit and Risk Committee is satisfied that the auditor is independent and the auditing firm was appointed with the designated partner having oversight of the audit. The CFO is the head of the finance function and he has one senior Financial Manager reporting to him. Internal audit is fully outsourced and the CFO is responsible for overseeing and coordinating the effective functioning of the outsourcing arrangement. An assessment of the effectiveness of the CFO function is performed annually by the Audit and Risk Committee.

The Board also has a Social and Ethics Committee which operates in line with King IV™ and the Companies Act as well as a Management Committee which reports directly to the Board and other Board Subcommittees on the day-to-day management of the Group.

In addition to the above, ad hoc committees are formed from time to time to assist the Board in discharging its duties.

Refer to  **pages 50 to 62 and 76 to 78** of the Integrated Annual Report for reports by each committee.

### Principle 9

**Evaluations of the performance of the Board: The Board should ensure that evaluation of its own performance and that of its committees, its Chair and its individual members, support continued improvement in performance and effectiveness**

A performance evaluation of the Board, its committees, the Chairperson and the Group

Company Secretary was conducted formally and, although not externally facilitated, it was done in accordance with the methodology approved by the Board. The overview of the evaluation results is that there were no issues raised and contribution, value and participation were considered satisfactory and positive. Items identified for improvement are discussed and followed up to ensure recommended actions. The skills represented on the Board were also assessed as well balanced.

Each committee undertakes an annual committee self-evaluation in order to assess whether the committee has the required skills within its membership and is effective in performing in line with its objectives and is discharging its responsibilities as delegated by the Board.

The Group Company Secretary's performance is also evaluated to ensure that there is an arm's-length relationship between the Board and the Group Company Secretary in that the objectivity and independence of the Group Company Secretary is not unduly influenced. Safari's Group Company Secretary was appointed in November 2018, and the Board is confident that his objectivity and independence are in no way compromised. The Group Company Secretary's performance is assessed annually and no major issues or concerns have been identified. The Board is satisfied that the Group Company Secretary is performing well in executing the functions that he oversees.

### Principle 10

**Appointment and delegation to management: The Board should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities**

In this regard, the Board has established a Management Committee which is chaired by the CEO and includes various members of senior management, the CFO and COO. The Management Committee convenes on a regular basis and reports to the Investment Committee and various other committees regarding the day-to-day management of Safari.

APPLICATION OF THE KING IV REPORT  
ON CORPORATE GOVERNANCE FOR SOUTH AFRICA™ continued

In terms of the Board Charter, the Board’s responsibilities include the appointment of a CEO, approval of a corporate strategy, risk management and corporate governance. The Board must review and approve its business plan and must monitor the financial performance of the Group and implementation of strategies. Board members have full and unrestricted access to management and all Group information and property. Directors may meet separately with members of the management team without executives present.

A detailed delegation of authority policy and framework indicates matters reserved for the Board and those delegated to management. The Board is satisfied that Safari is appropriately resourced and that its delegation to management contributes to an effective arrangement by which authority and responsibilities are exercised. In instances where delegation has taken place to management or committees, preapproved materiality levels and terms of reference apply, respectively.

The CEO does not have any work commitments outside the Safari Group and/ or associated business partners. To provide continuity of executive leadership, succession planning is in place and is regularly reviewed to provide succession in both emergency situations and over the longer term.


**Principle 11**  
**Risk governance: The Board should govern risk in a way that supports the organisation in setting and achieving its strategic objectives**

The Audit and Risk Committee assists the Board with the responsibility for governing risk by setting the direction for how risk is to be approached and addressed across the Group in order to achieve its strategic objectives. The Board is aware of the importance of the governance of risk management as it is critical to the strategy, performance and sustainability of Safari.

The Audit and Risk Committee implements a process whereby risks to the sustainability of the Group’s business are identified, monitored and managed within acceptable parameters. The Audit and Risk

Committee delegates to management the task to continuously identify, assess, mitigate and manage risks within the existing but stable risk profile of Safari’s operating environment. Mitigating controls are formulated to address the risks and the Board is kept up to date on the status of the risk management plan. Further oversight of risk exercises includes the receipt and review of internal audit reports, due diligence processes to evaluate and understand risks and opportunities that acquisitions may contain and an annual review and assessment of the Group’s insurance portfolio.

Responsibility for effective risk management is spread across the Group’s workforce and management.

Refer to  **pages 22 and 23** for an overview on Safari’s risk management.

**Principle 12**  
**Technology and information governance: The Board should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives**

The Board is aware of the importance of technology and information as it is inter-related to the strategy, performance and sustainability of Safari. The Group Company Secretary and IT service providers are consulted on a regular basis with reference to applicable legislation and the protection and management of technology and information principles, respectively. Regarding POPIA, the Group Company Secretary has been appointed as the Information Officer to ensure continual POPIA compliance.


**Principle 13**  
**Compliance governance: The Board should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen**

Responsibility for the implementation and execution of effective compliance management is delegated by the Board to management. The Group Company

Secretary ensures compliance with all applicable laws, rules, codes and standards at the highest ethical standards. The Board, however, retains ultimate responsibility for compliance in this regard.

During the review period, there were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations imposed on the Group, members of the Board or officers. There were no findings of non-compliance with environmental laws or criminal sanctions and prosecutions for non-compliance.

**Principle 14**  
**Remuneration governance: The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term**

The Board assumes responsibility for the governance of remuneration and sets the direction across the Group. Annual assessments are done by the Nomination and Remuneration Committee and the Committee is free to obtain independent external professional advice on fair and market-related remuneration. The Committee undertakes frequent benchmarking exercises in order to ensure fair and responsible remuneration of employees and executives. Refer to  **pages 55 to 59** of the Integrated Annual Report where Directors’ remuneration is disclosed comprehensively. Safari’s Board remunerates fairly, responsibly and transparently so as to promote the creation of value in a sustainable manner.

**Principle 15**  
**Assurance: The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation’s external reports**


The Board sets the direction for assurance services and functions, but the responsibility for overseeing such arrangements is delegated to the Audit and Risk Committee which is charged with

supporting the integrity of information for internal decision-making purposes and external reports.

A combined assurance model has been developed and formally implemented across Safari to effectively cover significant risks and material matters. The model includes, but is not limited to, the Group’s established outsourced internal audit functions, the external auditor, the risk management and compliance functions, and regulatory inspectors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time. The Group Company Secretary provides assurance on aspects of corporate governance and the JSE sponsor advises on the JSE Listings Requirements. Safari is satisfied that assurance results in an adequate and effective control environment and integrity of reports for better decision-making.

**GOVERNANCE OUTCOME FOUR: TRUST, GOOD REPUTATION AND LEGITIMACY**  
**Principle 16**

**Stakeholders: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interest of the organisation over time**

The Board assumes responsibility for the direction of stakeholder relationships and delegates to management the responsibility for the implementation and execution thereof. Stakeholders are kept apprised of the Group’s performance by publication of the interim results and Integrated Annual Report. Safari has identified its stakeholder groups and is active in balancing their legitimate and reasonable needs, interests and expectations. Refer to  **pages 24 to 28** for Safari’s stakeholder engagement.

**Principle 17**  
**Responsible investment: The Board ensures that responsible investment is practised to promote good governance and the creation of value by the companies in which it invests**

Safari is not an institutional investor and this principle is therefore not applicable.



# REIT AND REIT TAXATION LEGISLATION

REIT legislation in South Africa came into effect on 1 April 2013. Safari confirms that it continues to hold REIT status recognised by the JSE and meets the qualification requirements as stipulated by the JSE and applicable legislation.

## SA REIT ASSOCIATION – BEST PRACTICE RECOMMENDATIONS (“BPR”)

The SA REIT Association issued a second edition BPR, which deals with best practice reporting for South African REITs. The second edition BPR is effective for financial years commencing on or after 1 January 2020. Refer to Annexure 1 on [page 134](#).

## REIT LEGISLATION

The following achievements from a REIT point of view are noteworthy:

- The Group currently has gross assets of approximately R3,64 billion, as reflected in the annual financial statements for the period ended 31 March 2022;
- The Group is a property investment fund focusing mainly on retail centres and currently has four regional shopping centres, of which three are located in underdeveloped urban areas in Gauteng, South Africa and one in Swakopmund, Namibia. Furthermore, Safari has four community shopping centres in Heidelberg, Polokwane and Atteridgeville. The total property portfolio comprises a total of 175 512m<sup>2</sup> rentable area;
- The Group is currently deriving 95% of its revenue from rental income;
- The Group complies with the minimum income and shareholder spread requirements of the Main Board of the JSE and currently has 1 231 shareholders as at the financial year ended 31 March 2022;
- The Group will, to the best of the Directors' knowledge, qualify for a tax deduction of distributions under Section 25 BB(2) of the Income Tax Act for the current financial year;
- The Group's borrowing (loan-to-value) remained below the 60% requirement in terms of REIT legislation;

- The Audit and Risk Committee has confirmed to the JSE that, as part of its terms of reference, it has adopted the policy referred to in paragraph 13.46(h)(i) of the JSE Listings Requirements and that the Group complies with the following provisions set out in the JSE Listings Requirements:
  - Adopting and implementing an appropriate Risk Management Policy, which policy as a minimum is in accordance with industry practice and specifically prohibits Safari from entering into any derivative transactions that are not in the normal course of Safari's business;
  - Reporting in the Integrated Annual Report each year that the Audit and Risk Committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned; and
  - Reporting to the JSE, in the annual compliance declaration referred to in paragraph 13.49(d) of the JSE Listings Requirements, that the Audit and Risk Committee has monitored compliance with the policy and that Safari has, in all material respects, complied with the policy during the year concerned;
- The Group will comply with the general continuing obligations as determined by the JSE and, more specifically, those set out in Section 13.49 of the JSE Listings Requirements, as amended from time to time; and
- The Board confirms that Safari has, during the past financial year, complied with, and will continue to comply with, the following provisions, as set out in Section 13.49 of the JSE Listings Requirements:
  - Safari will distribute at least 75% of its total distributable profits as a

distribution to the holders of its listed securities by no later than six months after its financial year-end, subject to the relevant solvency and liquidity test as defined in Sections 4 and 46 of the Companies Act. The next distribution of 32 cents per share was approved and will accordingly be paid out on Monday, 25 July 2022;

- If relevant, Safari will ensure that, subject to the solvency and liquidity test and the provisions of Section 46 of the Companies Act, the subsidiaries of Safari that are property entities incorporated in South Africa will distribute at least 75% of their total distributable profits as a distribution by no later than six months after their financial year-end; and
- Interim distributions may occur before the end of a financial year. The total distribution declared for the 2022 financial year was R177 170 829 (2021: R130 546 926). The distribution consisted of an interim cash dividend of 25 cents per share in December 2021 and the aforementioned final cash dividend of 32 cents per share approved at the Board meeting held on 22 June 2022, which will be paid out on Monday, 25 July 2022.

## REIT taxation status

The Group's status as a REIT entails, among others, the following tax consequences:

- The Group will not pay capital gains tax on the disposal of immovable property, the disposal of shares in other REITs or the disposal of shares in property companies;
- The Group may claim a tax deduction for qualifying dividends to its shareholders;
- Dividends distributed by the Group to its resident shareholders are subject to normal tax (and exempt from dividends tax); and
- Dividends distributed to foreign shareholders are subject to dividends tax.

## ANNUAL FINANCIAL STATEMENTS

Safari Investments RSA Limited and its subsidiary  
Safari Investments Namibia Proprietary Limited  
("Safari" or "the Group")

(Registration number: 2000/015002/06)

The annual financial statements have been audited by  
BDO South Africa Incorporated. The Chief Financial Officer,  
Mr WL Venter CA(SA), was responsible for the preparation of  
these audited annual financial statements, executed by the  
Financial Manager, Mr T Pothraju.

Published: 29 June 2022

# DIRECTORS' RESPONSIBILITY AND APPROVAL

The Directors are required, in terms of the Companies Act 71 of 2008 ("Companies Act") to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the Group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards ("IFRS"), the JSE Limited ("JSE") Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act. The external auditor is engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with IFRS, the JSE Limited ("JSE") Listings Requirements, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control

environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and management is required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. Any system of internal financial control, however, can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Group's cash flow forecast for the year to

31 March 2023 and, in light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

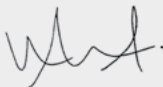
The external auditor is responsible for independently auditing and reporting on the Group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the Group's external auditor and their report is presented on [pages 79 to 81](#).

The annual financial statements, which have been prepared on the going concern basis, were approved by the Board on 22 June 2022.

Signed on behalf of the Safari Board by:



**DC Engelbrecht**  
Chief Executive Officer ("CEO")



**WL Venter**  
Chief Financial Officer ("CFO")

Pretoria

# CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S RESPONSIBILITY STATEMENT

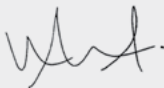
In line with paragraph 3.84(k) of the JSE Listings Requirements, the CEO and CFO hereby confirm that:

- the annual financial statements set out on [pages 82 to 129](#) fairly present, in all material respects, the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted, or untrue statements made, that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the annual financial statements of the issuer; and
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King IV Report on Corporate Governance for South Africa, 2016™ ("King IV™"). Where we are not satisfied, we have disclosed to the Audit and Risk Committee and the auditor the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves Directors and have taken the necessary remedial action.



**DC Engelbrecht**  
Chief Executive Officer

Pretoria  
22 June 2022



**WL Venter**  
Chief Financial Officer



# CERTIFICATE BY THE GROUP COMPANY SECRETARY

The Group Company Secretary hereby certifies, in accordance with Section 88(2)(e) of the South African Companies Act, that the Group has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns as are required for a listed company and that all such returns are true, correct and up to date in respect of the financial year reported.



**PWL van Niekerk**  
*Group Company Secretary*

Pretoria  
22 June 2022

# DIRECTORS' REPORT

for the year ended 31 March 2022

The Directors have pleasure in submitting their report on the consolidated and separate annual financial statements of the Group and Company for the year ended 31 March 2022.

## NATURE OF THE BUSINESS

Safari invests in quality income-generating property mainly focused on the retail sector. There was no material change in the nature of the business during the financial year.

## EVENTS DURING AND SUBSEQUENT TO THE REPORTING PERIOD

### Events during the reporting period

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

The Group entered into new facility agreements with its current lender, Absa, to refinance all near-term debt maturities. The new facilities were concluded and implemented on 1 June 2021.

Salient terms of the new facilities:

- Facility H: R300 000 000 – quarterly repayments of interest only at the three-month Johannesburg Interbank Average Rate ("JIBAR") rate plus 2,05% with the capital due on maturity in June 2023.
- Facility I: R250 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,35% with the capital due on maturity in June 2024.
- Facility J: R250 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,50% with the capital due on maturity in June 2025.

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

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

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

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

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

On 23 September 2021, Mr Steven Herring was appointed as Non-executive Chairperson of the Board and Chairperson of the Investment Committee. Mr Herring is the Non-executive Chairperson of Heriot REIT Limited ("Heriot"), a JSE-listed Real Estate Investment Trust ("REIT") with a portfolio primarily in the industrial and retail sectors. Former Chairperson, Mr Greg Heron, remains an Independent Non-executive Director of Safari. Dr Tumeka Matshoba-Ramuedzisi continues in her role as the Lead Independent Non-executive Director.

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

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

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

- Soweto Day Hospital, Soweto, Gauteng;
- Mnandi Shopping Centre, Atteridgeville, Gauteng; and
- Platz Am Meer, Swakopmund, Namibia.

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

At the Board meeting held on 17 November 2021, the appointment of Mr Martin Basson as Chief Operating Officer ("COO") was approved by the Board. Mr Basson, however, does not hold a Board position. The role includes oversight of the asset management, property management and project management functions.

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

## Events subsequent to the reporting period

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

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

- A final cash distribution of 32 cents per Safari share which will be paid to shareholders during July 2022;
- The refurbishment project of the Denlyn Shopping Centre amounting to R34 056 053; and
- The initial capital budget for the Nkomo Village Shopping Centre expansion amounting to R54 102 724 was adjusted to R63 344 187 to accommodate boreholes and a back up water system.

DIRECTORS' REPORT continued  
for the year ended 31 March 2022

During June 2022, Safari successfully concluded a facility agreement with a new lender, Standard Bank of SA Limited. This new facility of R200 million will refinance the maturing R150 million Absa facility and also be used in Safari's growth strategy.

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

ACCOUNTING POLICIES

The consolidated and separate annual financial statements have been prepared in accordance with IFRS and the requirements of the Companies Act, Financial Pronouncements as issued by the Financial Reporting Standards Council and the JSE Listings Requirements.

The accounting policies have been applied consistently compared to those of the prior year.

FINANCIAL RESULTS AND ACTIVITIES

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

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

The Group's revenue, excluding the sale of apartments, increased by 18,9% to R409 219 463 compared with the previous year's R344 033 164. The weighted average gross rental per m<sup>2</sup> of the portfolio improved to R171/m<sup>2</sup> while property expenses as a percentage of property revenue was 26% (2021: 27%).

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

The fair value of the Group's investment property increased by 4% to R3 483 662 400. Refer to note 4 to the consolidated and separate annual financial statements for detailed disclosure. The income-generating properties were valued on the discounted cash flow method and are supported by Safari's maintained low vacancy rate of 1,9%, the 87% national tenants' occupation level, a positive rental reversion ratio of +1,15% 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 855 cents (2021: 819 cents).

STATED CAPITAL

Details of the stated capital are disclosed in note 12 to the consolidated and separate annual financial statements.

CAPITAL COMMITMENTS

Refer to note 38 to the consolidated and separate annual financial statements, where details of the capital commitments can be found.

DIVIDENDS

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

GOING CONCERN

The Directors are of the opinion that the Group has adequate financial resources to continue its operations for the foreseeable future and, accordingly, the consolidated and separate annual financial statements have been prepared on a going concern basis.

The Group is in a sound financial position and has access to sufficient borrowing facilities to meet its foreseeable cash requirements for operational activities and capital commitments as disclosed in note 38 to the consolidated and separate annual financial statements. The Directors are not aware of any material changes that may have an adverse impact on the Group, nor of any material non-compliance with statutory or regulatory requirements nor of any pending changes to legislation which may affect the Group.

LITIGATION STATEMENT

In terms of Section 11.26 of the JSE Listings Requirements, the Directors are not aware of any legal or arbitration procedures that are pending or threatening, that might have had, in the previous 12 months, a material effect on the Group's financial position.

AUDITOR

BDO South Africa Incorporated was reappointed at the Annual General Meeting on 19 August 2021 as the external auditor for the Group for 2022.

For the 2022 financial year, Mr Paul Badrick was the designated audit partner for the Group.

PERFORMANCE MEASURES

In compliance with Sections 3.4(b)(vi) and 3.4(b)(vii) of the JSE Listings Requirements, and owing to the nature of the business conducted by Safari, being that of a REIT, the Safari Board has decided to adopt the distribution per share and net asset value per share measures for future trading statement purposes, as this is considered to be a more appropriate yardstick to measure Safari's performance than headline earnings per share and earnings per share.

DIRECTORS

The Directors in office at the date of this report are as follows:

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

At least one-third of the Non-executive Directors stand for re-election at the Annual General Meeting on a rotation basis as stipulated in the Group's Memorandum of Incorporation. No person holds any preferential rights other than normal shareholder rights relating to the appointment of any particular Director or number of Directors.


DISTRIBUTABLE EARNINGS

	Audited year ended 31 March 2022 R'000	Audited year ended 31 March 2021 R'000
Revenue (including recoveries)	409 219	344 033
Less: Lease smoothing effect	(9 160)	(16 759)
Less: Expenses	(157 790)	(116 993)
Less: Net interest	(94 103)	(93 236)
Interest income	4 161	4 426
Interest expense	(98 264)	(97 662)
Plus: Transaction costs expensed <sup>1</sup>	–	1 930
Distributable earnings	148 166	118 975
Less: Interim distribution paid	(64 457)	(43 830)
Interim distribution per share (cents)	25	17
Available for distribution at year-end	83 709	75 145
Actual number of shares excluding 53 million Safari shares held by Southern Palace <sup>2</sup>	257 826 016	257 826 016
Final distributable income per share available (cents)	32	29
Percentage of distributable income distributed for the financial year	100%	91%
Final distribution per share declared (cents)	32	25

<sup>1</sup> Transaction cost added back mostly relates to corporate action expenses incurred during the 2021 financial year as disclosed in the various SENS announcements.  
<sup>2</sup> Safari holds these shares as security and also receives all distributions paid to these shares. The shares are effectively seen as treasury shares.

We are confident that, based on current forecasts and information available, and on the assumption of normalised trading conditions, we will see distributable earnings per share increase by between 2% and 6% compared to the 2022 financial year. This forecast is the responsibility of the Safari Board and has not been reviewed or reported on by the auditor.

DIRECTORS' REMUNERATION

The Directors refer you to  pages 55 to 59 details of the Directors' remuneration can be found.

The Group Company Secretary, Mr PWL van Niekerk, was appointed with effect from 14 November 2018.

Business address

The Corner Office, 410 Lynnwood Road  
Lynnwood, Pretoria 0081

RESOLUTIONS

The special resolution approving the Non-executive Directors' remuneration for the period 1 April 2020 to 31 March 2022 and the ordinary resolution adopting the LTI Plan were approved at a General Meeting held on 30 June 2021.

The special resolutions approving the financial assistance in terms of Section 45 and Section 44 of the Companies Act: financial assistance and the general authority to repurchase shares were approved at the Annual General Meeting held on 19 August 2021.



# AUDIT AND RISK COMMITTEE REPORT

All the members of the Committee are financially literate and the Board will ensure that any future appointees are financially literate.

The members of the Audit and Risk Committee are Dr MT Matshoba-Ramuedzisi, the Lead Independent Non-executive Director who chairs this Committee, Dr PA Pienaar and Mr MH Muller all of whom are Independent Non-executive Directors. The external auditor, CEO and CFO attend meetings by invitation.

## THE COMMITTEE'S REPORT ON AUDIT-RELATED MATTERS

The Committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act and Regulation 42 of the Companies Regulations, 2011.

The Committee is responsible for performing the functions required by it in terms of Section 94(7) of the Companies Act. These functions include nominating and appointing the Group's auditor and ensuring that such auditor is independent of the Group, determining the fees to be paid to the auditor and the auditor's terms of engagement, ensuring that the appointment of the auditor complies with the provisions of the Companies Act and any other relevant legislation dealing with any complaints (whether from within or outside the Group) relating to accounting practices or the content of the Group's annual financial statements and related matters.

The non-statutory functions of this Committee are to assist the Board in fulfilling its responsibilities by reviewing the effectiveness of internal control systems in the Group with reference to the findings of the external and internal auditors, and reviewing and recommending, for approval by the Board, the annual financial statements and interim reports of the Group, as well as other public

communications of a financial nature. Other functions include considering accounting issues, reviewing audit recommendations and ensuring that the Group complies with relevant legislation and sound corporate governance principles. The members of this Committee are appointed every year at the Annual General Meeting.

Responsibilities of the Committee include:

- adopting and implementing an appropriate Financial Risk Management Policy in accordance with industry practice;
- reporting in the Integrated Annual Report that it has monitored compliance with the Risk Management Policy and that the Group has, in all material respects, complied with the policy during the year concerned;
- reporting to the JSE in the annual compliance declaration (as referred to in paragraph 13.49(d) of the JSE Listings Requirements) that it has monitored compliance with the policy and that the Group has, in all material respects, complied with the policy during the year concerned; and

During this financial year, the Committee conducted five meetings with 100% attendance by the members (refer to the table below).

Members	14 Apr 2021	15 Jun 2021	31 Aug 2021	10 Nov 2021	1 Mar 2022
Dr MT Matshoba-Ramuedzisi	✓	✓	✓	✓	✓
MH Muller	✓	✓	✓	✓	✓
Dr PA Pienaar	✓	✓	✓	✓	✓
Attendance	100%	100%	100%	100%	100%

✓ Attended

- at the time of listing, confirming to the JSE and disclosing in the prelisting statement that it has adopted the policy referred to in paragraph 13.46(h)(i) of the JSE Listings Requirements.

## INTERNAL AUDITOR

Safari appointed an internal auditor as per the recommendation by the Audit and Risk Committee and in line with King IV™. The Committee satisfied itself through enquiry that the internal auditor is independent as defined by the Companies Act and as per the standards stipulated by the auditing profession.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The fee for the internal audit has been considered and was approved by the Board. The Committee satisfied itself of the scope and quality of work performed by the internal auditor.

## EXTERNAL AUDITOR

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act and as per the standards stipulated by the auditing profession. The Committee also reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements.

The Committee, in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved, taking into consideration such factors as the timing of the audit, the extent of the work required and the scope. For non-audit services, the Committee satisfied itself that the external auditor is independent in relation to that of the external audit. For such services, a separate engagement letter pertaining to the scope of work and fee is submitted and duly considered by the Committee and recommended to the Board for approval. Based on written reports submitted and key audit matters addressed as per the auditor's report, the Committee reviewed, with the external auditor, the findings of their work and confirmed that all significant matters had been satisfactorily resolved. The Committee is satisfied that the 2022 audit was completed without any restrictions on its scope.

The Committee satisfied itself with the appointment of the external auditor as per the JSE Listings Requirements and the Companies Act. Subsequently, the Committee recommended the appointment of BDO South Africa Incorporated as external auditor for the 2022 financial year and Mr Paul Badrick as the designated lead auditor. The 2022 financial year will be the third year of the firm as auditor of the Group and Company. The following factors were considered when the appointment was made: the annual fee charged;

independence; the promotion of transformation regarding race and gender; experience; and track record of auditing REITs and the availability of a Pretoria-based audit team.

## ANNUAL FINANCIAL STATEMENTS AND REPORTS

Following the review of:

- the unaudited interim financial statements as at 30 September 2021; and
- the annual financial statements as at 31 March 2022,

the Audit and Risk Committee recommended Board approval of the annual financial statements listed above.

## Accounting practices and internal control

The Audit and Risk Committee closely monitors the internal control systems. In addition, the Committee monitors the corporate governance of the Group to ensure it complies with the Companies Act, the JSE Listings Requirements and King IV™. The Committee ensured that appropriate financial reporting procedures exist and are working, which include consideration of all entities included in the consolidated IFRS financial statements. The Committee has access to all the financial information of the Group to allow Safari to effectively prepare and report on the financial statements. No significant accounting practices or internal control measurement changes occurred during the year that required the attention of the Audit and Risk Committee.

## Chief Financial Officer

This Committee reviewed the expertise, experience and performance of Safari's CFO, Mr WL Venter, and was satisfied therewith. In addition, the Committee reviewed and reported on the expertise, resources and experience of the Group's finance functions.

## JSE proactive monitoring process

The Audit and Risk Committee has considered all the correspondence received from the JSE in terms of the proactive monitoring process and has taken the necessary action where applicable.

## THE COMMITTEE'S REPORT ON RISK-RELATED MATTERS

Safari's approach ensures that any changes in risks and the impact thereof are identified and managed appropriately.

The Board has the overall responsibility of risk governance within the Group and oversees that risks are being managed and reported appropriately. In this regard, refer to the risk management section on [pages 22 and 23](#).

The Audit and Risk Committee is further charged with the duty to identify, review and effectively monitor any financial risks and for overseeing that the executives and senior management have identified and assessed all the significant risks the organisation faces. Dr PA Pienaar is appointed as the Chief Risk Officer ensuring that mitigating controls and implementation measures are adhered to.

The Audit and Risk and Investment Committees report to the Board to attest that all potential and emerging risks have been identified and recorded and that appropriate actions have been taken to mitigate the risks to acceptable levels.

Safari's Board appreciates the fact that risk management is an integral part of the Group's strategy to ensure that the value of the business is protected and to enable business and growth. Safari is committed to continuously improving its risk strategy and management processes to ensure that the business remains risk resistant. Risk management does not necessarily eliminate risks completely, but rather provides a process and structure to manage and mitigate the possible consequences of the risks identified.

AUDIT AND RISK COMMITTEE REPORT continued

THE AUDIT AND RISK COMMITTEE DUTIES IN 2021/22

The duties of the Committee include, but are not limited to:

- keeping under review the effectiveness of Safari's internal controls and risk management systems;
- reviewing Safari's arrangements for its employees to raise concerns about possible wrongdoing in financial reporting or other matters and ensuring that these arrangements allow independent investigation and appropriate follow-up action;
- monitoring the integrity of the annual financial statements of Safari including the Integrated Annual Report and interim reports and formal announcements relating to its financial performance;
- overseeing integrated reporting and signing off the Integrated Annual Report;
- reviewing the expertise, resources and experience of Safari's financial function;

- reviewing and reporting risk-related matters and overseeing the development and review of a policy and plan for risk management;
- considering the appointment, reappointment and removal of Safari's auditor and overseeing the relationship with the auditor;
- assessing annually if the Group requires an internal audit function; and
- ensuring that a combined assurance model is applied to provide a coordinated approach to all assurance activities.

On behalf of the Audit and Risk Committee



Dr MT Matshoba-Ramuedzisi  
Chairperson: Audit and Risk Committee


Pretoria  
22 June 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of  
Safari Investments RSA Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Safari Investments RSA Limited and its subsidiary (the group and company) set out on  pages 82 to 129, which comprise the statements of financial position as at 31 March 2022, and the statements of profit or loss and other comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Investment Property</b></p> <p><u>This matter relates to both the consolidated and the separate financial statements.</u></p> <p>The valuations of investment property performed annually by an external independent valuator, are based mainly on discounted cash flow models.</p> <p>Significant judgements and estimates are required in determining discount and capitalisation rates.</p> <p>Note 4 (Investment property) to the consolidated and separate financial statements sets out the most significant inputs and assumptions into the valuations.</p> <p>The valuation of investment property is considered a matter of most significance to our current year audit of the consolidated and separate financial statements, due to the significant judgements and estimates associated with determining fair values of the properties, the sensitivity of the valuations to changes in assumptions and the magnitude of the balances.</p>	<p>We performed the following procedures amongst others:</p> <ul style="list-style-type: none"><li>■ assessed the design and tested the implementation of the relevant controls over the valuation process;</li><li>■ evaluated the capabilities, competency and objectivity of the external valuator. This included verifying professional qualifications and registrations and making an assessment of the independence and appropriateness of the valuator used;</li><li>■ through discussions with the external valuator, obtained an understanding of the external valuator's work performed, which included the valuation methodology adopted, the significant assumptions used, and critical judgement areas applied, such as discount and capitalisation rates;</li><li>■ making use of our internal corporate finance expertise, we assessed whether the valuation methodology was appropriate, we compared the significant assumptions and judgements used by the valuator to historical inputs and market data, where available, to assess its reasonability, and we investigated unexpected movements. Based on our work performed, we noted no aspects in this regard which required further consideration;</li><li>■ for all properties, we verified the mathematical accuracy of the models applied, evaluated the reasonability of the inputs, assessed the reasonability of management's forecast by comparing to the actual historical results, and assessed reasonableness of the growth rates used against the SAPOA capitalisation and discount rate report; and</li><li>■ evaluated the adequacy of the disclosure in the consolidated and separate financial statements, including the disclosure of the significant inputs and sensitivities, against the requirements of International Financial Reporting Standards.</li></ul>

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Safari Investments RSA Limited as at 31 March 2022, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Consolidated and Separate Financial Statements* section of our report. We are independent of the group

and company in accordance with the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



INDEPENDENT AUDITOR’S REPORT continued

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the document titled “Safari Investments RSA Limited Integrated Annual Report for the year ended 31 March 2022”, which includes the Directors’ Report, the Audit and Risk Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated and separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group’s and the company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s and the company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and/or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any

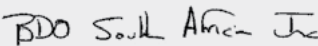
significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Safari Investments RSA Limited for three years.



**BDO South Africa Incorporated**  
*Registered Auditors*

**Paul Badrick**  
*Director*

*Registered Auditor*

29 June 2022

Wanderers Office Park  
52 Corlett Drive  
Illovo, 2196

# STATEMENT OF FINANCIAL POSITION

as at 31 March 2022

	Note	GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	738	920	623	780
Right-of-use assets	17	4 976	5 955	4 976	5 955
Investment property	4	3 212 687	3 245 810	2 967 143	2 984 385
Fair value of investment property		3 307 763	3 353 762	3 052 900	3 082 900
Straight-lining lease asset		(95 076)	(107 952)	(85 757)	(98 515)
Loans to shareholders	5	40 436	43 077	40 436	43 077
Loans to Group companies	6	–	–	347 285	654 668
Investment in subsidiaries	32	–	–	9 959	9 959
Investment in joint ventures	39	1 500	–	1 500	–
Straight-lining lease asset	7	94 435	104 591	85 116	95 275
Deferred tax asset	8	22 284	20 038	–	–
		3 377 056	3 420 391	3 457 038	3 794 099
<b>Current assets</b>					
Inventories	9	60 026	106 000	–	–
Loans to shareholders	5	7 059	6 262	7 059	6 262
Trade and other receivables	10	18 740	13 050	18 000	12 737
Operating lease asset	7	641	3 361	641	3 240
Cash and cash equivalents	11	7 131	5 085	5 780	2 953
		93 597	133 758	31 480	25 192
Investment property held for sale	40	175 900	–	175 900	–
<b>Total assets</b>		3 646 553	3 554 149	3 664 418	3 819 291
<b>Equity and liabilities</b>					
<b>Equity and reserves</b>					
Stated capital	12	1 606 452	1 606 452	1 606 452	1 606 452
Retained income		667 560	542 738	686 639	810 467
Share-based payment reserve	16	465	–	465	–
<b>Total equity and reserves</b>		2 274 477	2 149 190	2 293 556	2 416 919
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Interest-bearing borrowings	14	1 248 844	516 065	1 248 844	516 065
Deferred tax liability	8	20 095	9 361	20 095	9 361
Derivatives	13	10 735	35 540	10 735	35 540
Lease liabilities	17	5 525	6 332	5 525	6 332
		1 285 199	567 298	1 285 199	567 298
<b>Current liabilities</b>					
Interest-bearing borrowings	14	52 655	804 386	52 655	804 386
Trade and other payables	18	30 074	29 756	28 860	27 169
Derivatives	13	3 341	2 875	3 341	2 875
Lease liabilities	17	807	644	807	644
		86 877	837 661	85 663	835 074
<b>Total liabilities</b>		1 372 076	1 404 959	1 370 862	1 402 372
<b>Total equity and liabilities</b>		3 646 553	3 554 149	3 664 418	3 819 291

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 March 2022

	Note	GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Revenue</b>	19	416 068	342 712	347 320	311 595
Property revenue		365 478	320 898	338 041	296 332
Straight-line lease adjustment		9 160	16 759	9 279	15 263
Revenue from sale of inventory		41 430	5 055	–	–
Other income	20	34 581	6 376	34 417	5 999
Cost of inventory sold	9	(45 204)	(5 356)	–	–
Impairment of inventory	9	(2 511)	(11 508)	–	–
Operating expenses		(157 790)	(116 993)	(399 207)	(108 332)
<b>Operating profit</b>	22	245 144	215 231	(17 470)	209 262
Investment income	23	4 161	4 426	4 095	4 342
Fair value adjustments		88 038	153 058	104 314	161 443
Finance costs	24	(98 264)	(97 662)	(98 264)	(97 662)
Fair value profit/(loss) on hedging instruments	25	23 902	(12 835)	23 902	(12 835)
<b>Profit before taxation</b>		262 981	262 218	16 577	264 550
Taxation	26	(9 246)	5 361	(11 492)	9 557
<b>Profit for the year</b>		253 735	267 579	5 085	274 107
Other comprehensive income		–	–	–	–
<b>Total comprehensive income for the year</b>		253 735	267 579	5 085	274 107
Basic earnings per share (cents)	31	98,41	103,78		
Diluted earnings per share (cents)	31	98,37	103,78		



STATEMENT OF CHANGES  
IN EQUITY

for the year ended 31 March 2022

	GROUP			
	Stated capital R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance as at 1 April 2020	1 606 452	–	375 711	1 982 163
Profit for the year	–	–	267 579	267 579
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	267 579	267 579
REIT distribution paid	–	–	(100 552)	(100 552)
Total contributions by and distributions to owners of the Group recognised directly in equity	–	–	(100 552)	(100 552)
Balance as at 1 April 2021	1 606 452	–	542 738	2 149 190
Profit for the year	–	–	253 735	253 735
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	253 735	253 735
LTI Plan – refer to note 16	–	465	–	465
REIT distribution paid	–	–	(128 913)	(128 913)
Total contributions by and distributions to owners of the Group recognised directly in equity	–	465	(128 913)	(128 448)
Balance as at 31 March 2022	1 606 452	465	667 560	2 274 477

Note12

	COMPANY			
	Stated capital R'000	Share-based payment reserve R'000	Retained income R'000	Total equity R'000
Balance as at 1 April 2020	1 606 452	–	636 912	2 243 364
Profit for the year	–	–	274 107	274 107
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	274 107	274 107
REIT distribution paid	–	–	(100 552)	(100 552)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	–	(100 552)	(100 552)
Balance as at 1 April 2021	1 606 452	–	810 467	2 416 919
Profit for the year	–	–	5 085	5 085
Other comprehensive income	–	–	–	–
Total comprehensive income for the year	–	–	5 085	5 085
LTI Plan – refer to note 16	–	465	–	465
REIT distribution paid	–	–	(128 913)	(128 913)
Total contributions by and distributions to owners of the Company recognised directly in equity	–	465	(128 913)	(128 448)
Balance as at 31 March 2022	1 606 452	465	686 639	2 293 556

STATEMENT OF  
CASH FLOWS

for the year ended 31 March 2022

	Note	GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash flows from operating activities					
Cash generated from operations	27	279 917	213 595	222 466	191 781
Investment income received		4 171	4 646	4 009	5 041
Finance costs paid		(99 989)	(98 424)	(99 989)	(98 424)
REIT distribution paid	30	(128 913)	(100 552)	(128 913)	(100 552)
Tax paid	29	(759)	(288)	(759)	(288)
Net cash from/(used in) operating activities		54 427	18 977	(3 086)	(2 442)
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(122)	(258)	(122)	(111)
Development of investment property	4	(32 702)	(34 553)	(32 308)	(34 394)
Investment in joint venture	39	(1 500)	–	(1 500)	–
Proceeds from shareholders' loan		1 833	321	1 833	321
Proceeds from loans to Group company		–	–	57 900	20 800
Net cash (used in)/from investing activities		(32 491)	(34 490)	25 803	(13 384)
Cash flows from financing activities					
Payment of share-based payment liability			(220 417)		(220 417)
Proceeds from interest-bearing borrowings	28	351 308	946 259	351 308	946 259
Repayment of interest-bearing borrowings	28	(370 554)	(710 847)	(370 554)	(710 847)
Payment of lease liabilities		(644)	(502)	(644)	(502)
Net cash (used in)/from financing activities		(19 890)	14 493	(19 890)	14 493
Total cash movement for the year		2 046	(1 020)	2 827	(1 333)
Cash at the beginning of the year		5 085	6 105	2 953	4 286
Total cash and cash equivalents at the end of the year	11	7 131	5 085	5 780	2 953

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2022

## ACCOUNTING POLICIES

### Presentation of financial statements

The consolidated and separate annual financial statements have been prepared in accordance with IFRS and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act.

The consolidated and separate annual financial statements include the financial statements of Safari Investments RSA Limited and its subsidiary company Safari Investments Namibia Proprietary Limited, together referred to as the Group. The Company financial statements refer to Safari Investments RSA Limited.

### Basis of preparation

The consolidated and separate annual financial statements have been prepared on the historical cost basis except for investment properties, inventory and derivatives measured at fair value, and which incorporate the principle accounting policies set out below. The accounting policies apply to both the Group and Company unless otherwise indicated. These accounting policies are consistent with the previous period. The presentation currency in the financial statements is South African Rand.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### 1.1 Consolidation

#### Basis of consolidation

The consolidated and separate financial statements comprise the annual financial statements of the Company and its subsidiary known as the "Group" as at 31 March 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and

- the ability to use its power over the investee to affect its returns.

The results of the subsidiary are included in the annual financial statements from the effective date that control was acquired to the effective date that control is disposed of or lost.

All intra-group transactions, assets and liabilities, income and expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

### 1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, the Group is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may have an impact on the financial statements.

#### Expected credit loss

The Group applies the IFRS 9 general approach to trade receivables and measures the loss allowance at an amount equal to a 12-month expected credit loss i.e. default events that are possible within 12 months if there has not been any significant increase in credit risk since initial recognition. This is determined on a probability of default weighting being the difference between contractual cash flows due to the Group and the amount the Group expects to receive discounted at the credit loss rate. Default does not occur later than when a financial asset is 30 days past due. Inherently, the Group's assessment of expected credit loss allowances utilises forward-looking scenarios of all individual debtors that are past due taking into account the following factors:

- Multinational, national or local tenants;
- Tenants' occupancy at the property both historically and in the future;
- Whether the tenant is likely to pay their future rental considering the market they operate within and their payment history;

- Deposits and bank guarantees being held as collateral for arrear rental;
- Individual circumstances that may have arisen due to occupancy i.e. maintenance; and
- Rental relief provided.

Expected credit losses are updated at each reporting date utilising a three-stage model to evaluate for impairment based on changes in credit quality and risk since initial recognition.

**Stage 1** – Financial assets that have a low credit risk at the reporting date; 12-month expected credit losses are recognised.

**Stage 2** – Assess if there has been a significant increase in credit risk and quality of the financial asset since initial recognition but does not show a objective evidence of impairment; lifetime expected credit losses are recognised.

**Stage 3** – If there is objective evidence of impairment at the reporting date, lifetime expected credit losses are recognised.

Significant increases in credit risk and quality for trade receivables relate to tenants that remain further in default in respect to days past due at the reporting date. Refer to note 10.

The write-off policy of the Group takes into consideration the tenant's ability to engage with the Group on a repayment proposal, the tenant adhering to this repayment proposal and a cost versus benefit assessment where litigation has commenced against the tenant for arrear rental.

#### Recognition of loans to shareholders as a financial asset

IAS 32.11 defines a financial asset as cash, or a contractual right to receive cash or other financial assets from another entity. The loans to shareholders relate to the vendor loan with WDB Investment Holdings.

Judgement was applied in concluding that these loans meet the definition of a financial asset. Dividends arising from the shares held in Safari by WDB Investment Holdings are utilised as repayment of the loan. The loan is not recourse to Safari shares only and has a fixed date of maturity. On this basis, the

Group has concluded that the loan should be recognised as a financial asset.

#### Deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer to note 8.

The Group was listed as a REIT on the JSE on 7 April 2014 and the manner of the realisation of deferred tax has been taken into account accordingly.

Safari Investments RSA Limited as a REIT does not have a formal distribution policy for the foreseeable future. As such, assumptions cannot be made that the distributions made to the shareholders of Safari will exceed the taxable income of the Group. Therefore, deferred tax has been provided on the following in accordance with IAS 12 *Income Taxes*:

- Straight-lining of operating leases;
- Income received in advance; and
- Capital allowances previously deducted before listing as a REIT on the JSE and therefore a future recoupment for tax purposes on sale of investment properties.

After converting to a REIT, capital gains taxation is no longer applicable on the sale of investment property in terms of Section 25BB of the Income Tax Act. The deferred tax rate applied to investment property at the sale rate will therefore be 0%.

Consequently, no deferred tax was raised on the fair value adjustments on investment properties within South Africa.

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

### IFRIC 23 *Uncertainty over Income Tax Treatments*

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

### Sources of estimation uncertainties

#### Valuation of investment property

The fair value of the Group's revenue-generating investment properties is determined through the use of the income approach, based on the discounted cash flow method, and remains consistent with the prior year external valuation.

The discounted cash flow Method takes into account the time value of money between the valuation date and the date when the income stream theoretically reverts to prevailing market levels.

Properties are valued by discounting the expected future net income for a specific period at an appropriate discount rate (or total rate of return) to give the present value of the expected net income cash flow. To this figure, an applicable final discounted residual or reversionary value is added, calculated using an appropriate terminal capitalisation rate.

The net income of each property is quantified by aggregating the subjected property's gross income, vacancies and lease obligations from which all normalised operating expenditure is deducted.

#### Operating lease straight-lining

Included in the lease smoothing calculations are lease agreements with escalation terms linked to the CPI. The escalation terms state that the annual escalation will be equal to the CPI percentage, but limited to 7% per annum, hence judgement was applied in establishing the future escalation

percentages which are currently based on the CPI.

#### Inventory

A percentage of Erf 71 Swakopmund and the development thereon is recognised as inventory. The reason for the classification as inventory is that the development on this part of the property will be sold as residential units.

The net realisable value of inventory has been valued by an independent external valuer, who has considered all aspects of the inventory, including:

- the current economy;
- nature of the property;
- location;
- risk profile; and
- cost to sell inventory.

The inventory has been valued using the direct comparable method and recognised at the lower of cost and net realisable value in terms of IAS 2 *Inventories*.

### 1.3 Fair value of investment property

The valuation of the property has been carried out by an external valuer who has considered all aspects of all the properties, including:

- the current economy;
- nature of the property;
- location;
- tenancy;
- risk profile;
- forward rent and earning capability;
- exposure to future expenses and property risk;
- tenancy income capability; and
- property expenditure.

The value thus indicates the fair market values for the properties. The Group accordingly applied the fair value model. The calculation of the market values of the properties has been based on income capitalisation, making use of market rental rates and capitalisation rates.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.3 Fair value of investment property continued

The vacant land has been valued on the direct comparable basis.

The discounted cash flow, as the only method of valuation to establish the capitalised value, consistent with market norms and expectations is used to value the Group’s developed property.

The highest and best use has been considered when determining the market value of the existing buildings, those in the process of development as well as the vacant land.

The considerations for the capitalised valuations are as follows:

- Calculating the forward cash flow of all contractual and other income from the property;
- Calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for future capital expenditure to which the property may be exposed; and
- The current area vacancy as a percentage of the leasable area.

The valuer has also deducted, as a percentage of the net annual income, a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year. An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

All components of property, plant and equipment are initially measured at historical cost and subsequently stated at historical cost less accumulated depreciation and any accumulated impairment. Historical cost includes all expenditure that is directly

attributable to the acquirement of property, plant and equipment from the date it is available for use.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset’s carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset’s economic benefits are consumed by the Group.

The useful lives of items of property, plant and equipment have been assessed as follows:

Items of property, plant and equipment	Depreciation method	Average useful life
Furniture and fixtures	Straight-line	6 years
IT equipment	Straight-line	3 years

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.5 Financial instruments  
Classification

Financial assets and financial liabilities are recognised in the Group’s statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The Group classifies financial assets and financial liabilities into one of the following categories, depending on the purpose for which the financial instrument was acquired:

- Financial assets at amortised cost – trade and other receivables, loans to shareholders and loans to Group companies;
- Financial liabilities at amortised cost – trade and other payables, cash and cash equivalents and interest-bearing borrowings; and
- Financial liabilities at fair value through profit or loss – derivative financial instruments i.e. interest rate swaps.

Initial recognition and measurement

Financial assets and financial liabilities are initially measured at fair value through profit or loss or at amortised cost depending on the Group’s business model for managing the assets or liabilities, and the contractual terms of the cash flows.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Subsequent measurement

Financial assets and financial liabilities at amortised cost are subsequently carried at amortised cost using the effective interest rate method. This method exactly discounts estimated future cash receipts or payments to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Gains or losses arising from derecognition, reclassification, impairment or in the case of a financial asset, the amortisation process, will be recognised in profit or loss.

When the contractual cash flows of a financial asset are renegotiated or modified, the entity will recalculate the present value using the financial asset’s original effective interest rate. The modification gain or loss is recognised in profit or loss.

All financial assets and financial liabilities at fair value through profit or loss are carried at fair value subsequent to initial recognition. Fair value gains or losses (realised and unrealised) calculated on the subsequent measurement are recognised in profit or loss.

Financial assets and liabilities are not reclassified unless the Group amends its business model for managing these financial assets and liabilities.

Derecognition

The Group shall derecognise a financial asset only when the contractual rights to the cash flows expire or it transfers the financial asset and that transfer qualifies for derecognition.

The Group shall derecognise a financial liability only when it is extinguished i.e. when the obligation specified in the contract is discharged or cancels or expires.

An exchange of debt instruments with substantially different terms between an existing borrower and lender of debt, or a substantial modification to the terms of an existing financial liability shall be accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of a financial liability extinguished or transferred and the amount paid will be recognised in profit or loss.

Impairment of financial assets

The Group evaluates both current and non-current financial assets for loss allowances, whereby the financial asset is measured at amortised cost and subject to expected credit losses, This relates to loans to shareholders and Group companies, trade and other receivables and investment in joint ventures.

Safari has adopted the general approach which measures the loss allowance at an amount equal to a 12-month expected credit loss on a probability weighted estimate if there has not been a significant increase in risk since initial recognition of the financial asset. If there has been a significant increase in credit risk since initial recognition of the financial instrument, the Group recognises a lifetime expected credit loss. Expected credit losses under the “general approach” for each forward-looking scenario of the Group can be developed using the equation: probability of default multiplied by the loss of the given default multiplied by the exposure at the date of default.

Subsequent recoveries of amounts previously written off are credited against operating expenses. Further details about the Group’s impairment policies are set out in note 1.2.

Loans to Group companies

These include loans to subsidiaries which are measured at amortised cost subject to an expected credit loss assessment. Refer to note 6.

Loans to shareholders

These financial assets are measured at amortised cost and relate to the shareholder loan to WDB Investment Holdings. Refer to note 5.

Trade and other receivables

Trade receivables are considered financial assets which are recognised at amortised cost. 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.

Other receivables are subsequently measured at amortised cost and mainly comprise deposits paid and prepayments.

The Group assesses for the impairment of trade receivables on a collective and individual basis. Tenants that possess shared credit risk characteristics have been grouped based on the days past due.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits.

Borrowings

Borrowings are classified as financial liabilities at amortised cost. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group’s accounting policy for borrowing costs.

Effective interest rate

The effective interest rate method is a method of calculating the amortised cost of a financial instrument and of allocating the interest on the instrument over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the instrument.

Derivative financial instruments

As part of the Group’s risk management strategies, derivatives have been utilised to hedge against interest rate risks arising from its financing arrangements. Even though the derivatives meet the hedge accounting criteria, we have elected not to apply hedge accounting and therefore these are classified and accounted for at fair value through profit or loss. They are presented as non-current assets or liabilities to the extent they are expected to be settled 12 months after the end of the reporting period.

The derivative financial instruments held relate to interest rate swaps measured at fair value at the reporting date. This is calculated using the net present value the Group would pay or receive from the swap counterparty based on current interest rates.

1.6 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

### 1. SIGNIFICANT ACCOUNTING POLICIES continued

#### 1.6 Tax continued

##### Current tax assets and liabilities continued

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

##### Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit; and
- investments in subsidiaries and joint arrangements where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from Namibian investment property measured at fair value, the presumption that recovery will be through sale rather than use has been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/ (recovered).

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on the same taxable Group company.

The deferred tax assets and liabilities for the Group have not been offset as they are levied by different tax authorities. Refer to note 8.

##### IFRIC 23 *Uncertainty over Income Tax Treatments*

When there is uncertainty concerning the Group's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, the Group then:

- considers whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;
- determines if it is probable that the tax authorities will accept the uncertain tax treatment; and
- if it is not probable that the uncertain tax treatment will be accepted, measures the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. The required measurement is based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

### 1.7 Leases

All leases with tenants are classified as operating leases.

#### Operating leases – lessor

Operating lease income is recognised as income on a straight-line basis over the lease term.

The accrued operating lease income straight-lining adjustment is recognised as an asset in the statement of financial position. The current portion of the operating lease asset is the portion of the accrued operating lease income straight-lining adjustment that will reverse in the next financial year.

Income from leases is disclosed within revenue in profit or loss.

#### Contingent rentals

Where applicable, turnover rent is negotiated with tenants on an individual basis. Turnover rent is recognised when it is due in terms of the lease agreement.

#### Leases – Group as lessee

##### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the Group under residual value guarantees;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Group and Company statement of financial position.

The Group would remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset), even though this is not applicable in the current financial year, when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate; and
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### Right-of-use assets

Right-of-use assets are presented as a separate line item on the statement of financial position.

Right-of-use assets are measured at cost at the commencement date which comprises the following:

- The initial amount of the corresponding lease liability;
- Any lease payments made at or before the commencement date;
- Any initial direct costs incurred;
- Any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- Less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

### 1.8 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost includes

all expenses directly attributable to the construction process.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.9 Impairment of assets

The Group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.10 Stated capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary shares are classified as equity and those paid for and issued are recognised as stated capital.

The ordinary shares fully paid for but not yet issued are classified as equity within the statement of changes in equity.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

1. SIGNIFICANT ACCOUNTING POLICIES continued

1.11 Earnings per share

The Group presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

The calculation of headline earnings per share is based on the net profit attributable to equity holders of the Parent, after excluding all items of a non-trading nature, divided by the weighted average number of ordinary shares in issue during the year.

The presentation of headline earnings is not an IFRS requirement, but is required by the JSE and Circular 1 of 2021.

1.12 Revenue

The Group earns revenue from the leasing of investment property and recoveries of property expenses. Revenue from rental agreements is recognised in accordance with the accounting policy for operating leases.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for apartment sales and leasing services provided in the normal course of business, net of value added tax ("VAT").

Interest is recognised, in profit or loss, using the effective interest rate method.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The contracts impacted by this standard are limited to the sale of inventory which is recognised at the point in time when the purchaser obtains control i.e. legal title of the inventory (apartments), which coincides with the point in time when cash is received. Financial assistance is not provided by the Group for the sale of apartments and is not considered to be a significant and recurring revenue stream for the Group.

The Group's revenue contracts relate to lease agreements held to earn rental income, covered under IFRS 16.

1.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

1.14 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses for which discrete financial information is available and whose operating results are regularly reviewed by the entity's chief operating decision maker. The segment's assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

The Group's operating segments are reported based on the location of every property within the Group.

The measurement policies the Group uses for segment reporting under IFRS 8 *Operating Segments* are the same as those used in the financial statements.

The Group has identified the following segments (shopping centres) which is

consistent with the way in which the Group reports internally:

- Atlyn, Mnandi and Nkomo (Atteridgeville);
- Denlyn (Mamelodi);
- Thabong (Sebokeng);
- Victorian Village (Heidelberg);
- Thornhill (Polokwane); and
- Platz Am Meer (Namibia).

1.15 Related parties

The related parties of the Group consist of companies with common directorship, trusts with directors acting as trustees, close corporations with directors acting as members and a wholly owned subsidiary of such entities.

1.16 Investments in subsidiaries and joint ventures

Investments in subsidiaries are carried at cost less accumulated impairment losses. Investments in joint ventures, classified under IFRS 11, are accounted for using the equity method on the statement of financial position. On disposal of investments in subsidiaries and joint ventures, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. Refer to notes 32 and 39.

1.17 Share-based payment reserve – LTI Plan

The Group has established a long-term incentive share plan, which aims to align the strategy of its recipients i.e. Executive Directors and management, with that of its shareholders. The LTI Plan is classified as an equity-settled share-based plan, which provides employees within the Group with equity instruments (Safari shares) as consideration for their services.

The quantum of Safari shares vesting over a three-year period is determined by reference as to the conditions identified within the LTI Plan which are performance and retentive in nature.

A share-based payment reserve and a corresponding share-based payment expense are recognised at the grant date of the LTI Plan, at fair value, calculated using an options pricing model which is expensed on a straight-line basis over the measurement/vesting period.

At each reporting date, the Group assesses and estimates the impact of the number of shares expected to vest with cognisance given to the likelihood of achievement of performance conditions. The effect thereof is recognised as a change in profit or loss with a corresponding adjustment to equity.

LTI Plan shares accounted for, in line with the above, are included in the determination of the Group's diluted earnings per share and diluted earnings calculation.

1.18 Investment property held for sale

Non-current assets (and disposal groups) are classified as held for sale and measured at the lower of their carrying amount or fair value less costs to sell when the value of the asset will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

The Group is committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss. Refer to note 40.

2. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS

2.1 New standards, interpretations and amendments adopted

IAS 16 Property, Plant and Equipment

Amendments to IAS 16 – *Proceeds before Intended Use* (effective for annual periods beginning on or after 1 January 2022)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

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 (Effective for annual periods beginning on or after 1 January 2021.

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.

- Amendments to IFRS 7 requires a company to make additional disclosures in its financial statements so that investors can better understand the effects of IBOR reform on that company.
- Amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by IBOR reform by updating the effective interest rate to reflect any change arising from the reform. The amendments to IFRS 9 enable (and require) companies to continue hedge accounting in circumstances when changes to hedged items and hedging instruments arise as a result of changes required by the IBOR reform, by requiring companies to amend their hedging relationships to

reflect the designation of an alternative benchmark rate as the hedged risk; or changing the description of the hedged item, including the designated portion, or of the hedging instrument.

- Amendments to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the IBOR reform.

IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Amendments to IAS 37 – *Onerous Contracts* – *Cost of Fulfilling a Contract* (effective for annual periods beginning on or after 1 January 2022)

The amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

The Group assessed and adopted the 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.

2.2 New standards and interpretations not yet effective

The Group has elected not to early adopt the following standards, amendments to standards and interpretations, which have been issued by the IASB and are effective in future reporting periods:

Standard/interpretation	Effective date: years beginning on or after
Deferred tax related to assets and liabilities arising from a single transaction: Amendments to IAS 12	1 January 2023
Definition of accounting estimates: Amendments to IAS 8	1 January 2023
Classification of liabilities as current or non-current: Amendment to IAS 1	1 January 2023

The above-mentioned amendments to the standards issued by the IASB, which are not yet effective, are currently being assessed by the Group with the expectation that the impact of these amendments is likely to be immaterial.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**3. PROPERTY, PLANT AND EQUIPMENT**

	GROUP					
	2022			2021		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	1 148	(421)	727	1 073	(255)	818
IT equipment	339	(328)	11	293	(191)	102
<b>Total</b>	<b>1 487</b>	<b>(749)</b>	<b>738</b>	<b>1 366</b>	<b>(446)</b>	<b>920</b>

	COMPANY					
	2022			2021		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Furniture and fixtures	1 002	(390)	612	927	(249)	678
IT equipment	339	(328)	11	293	(191)	102
<b>Total</b>	<b>1 341</b>	<b>(718)</b>	<b>623</b>	<b>1 220</b>	<b>(440)</b>	<b>780</b>

**Reconciliation of property, plant and equipment**

	GROUP			
	Opening carrying value R'000	Additions during the year R'000	Depreciation charge for the year R'000	Closing carrying value R'000
<b>2022</b>				
Furniture and fixtures	819	75	(167)	727
IT equipment	101	47	(137)	11
	<b>920</b>	<b>122</b>	<b>(304)</b>	<b>738</b>
<b>2021</b>				
Furniture and fixtures	794	161	(137)	(818)
IT equipment	118	97	(113)	(102)
	<b>912</b>	<b>258</b>	<b>(250)</b>	<b>920</b>

	COMPANY			
	Opening carrying value R'000	Additions during the year R'000	Depreciation charge for the year R'000	Closing carrying value R'000
<b>2022</b>				
Furniture and fixtures	679	75	(142)	612
IT equipment	101	47	(137)	11
	<b>780</b>	<b>122</b>	<b>(279)</b>	<b>623</b>
<b>2021</b>				
Furniture and fixtures	654	155	(131)	(678)
IT equipment	118	97	(113)	102
	<b>772</b>	<b>252</b>	<b>(244)</b>	<b>780</b>

**4. FAIR VALUE OF INVESTMENT PROPERTY**

	GROUP		COMPANY	
	2022 Carrying value R'000	2021 Carrying value R'000	2022 Carrying value R'000	2021 Carrying value R'000
Investment property*	3 212 687	3 245 810	2 967 143	2 984 385

\* Refer to note 40 for investment property classified as held for sale in the 2022 financial year.

**Reconciliation of fair value of investment property**

	GROUP				
	Opening carrying value R'000	Additions R'000	Classified as held for sale R'000	Fair value adjustments R'000	Closing carrying value R'000
<b>2022</b>					
Investment property	3 245 810	32 703	(153 864)	88 038	3 212 687
<b>2021</b>					
Investment property	3 058 199	34 553	–	153 058	3 245 810

	COMPANY				
	Opening carrying value R'000	Additions R'000	Classified as held for sale R'000	Fair value adjustments R'000	Closing carrying value R'000
<b>2022</b>					
Investment property	2 984 385	32 308	(153 864)	104 314	2 967 143
<b>2021</b>					
Investment property	2 788 548	34 394	–	161 443	2 984 385

The fair values as disclosed per property are inclusive of the operating lease asset. The operating lease asset is presented separately as required by IAS 40 and the value of investment property is reduced to avoid double counting.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**4. FAIR VALUE OF INVESTMENT PROPERTY** continued

**Details of property**

	2022 R'000	2021 R'000
<b>Sebokeng – Thabong Shopping Centre</b>		
– Purchase price: Land	7 739	7 739
– Purchase price: Buildings	1 637	1 637
– Capital movement since purchase or valuation	415 618	415 685
– Fair value adjustments	197 406	136 239
	622 400	561 300
<b>Mamelodi – Denlyn Shopping Centre</b>		
– Purchase price: Land	18 525	18 525
– Purchase price: Buildings	173 985	173 985
– Capital movement since purchase or valuation	275 896	273 948
– Fair value adjustments	427 294	422 542
	895 700	889 000
<b>Atteridgeville – Atlyn Shopping Centre</b>		
– Purchase price: Land	11 379	11 379
– Purchase price: Buildings	194 735	194 735
– Capital movement since purchase or valuation	140 366	140 017
– Fair value adjustments	311 220	281 369
	657 700	627 500
<b>Atteridgeville – Nkomo Village Shopping Centre</b>		
– Purchase price: Land	12 562	12 562
– Capital movement since purchase or valuation	367 067	366 990
– Fair value adjustments	28 971	(21 852)
	408 600	357 700
<b>Polokwane – Thornhill Shopping Centre</b>		
– Purchase price: Land and buildings	172 660	172 660
– Capital movement since purchase or valuation	7 848	8 169
– Fair value adjustments	52 992	62 471
	233 500	243 300
<b>Heidelberg – Victorian Village Shopping Centre</b>		
– Acquisition through business combination	132 414	132 414
– Additions to business combination	2 388	2 388
– Capital movement since purchase or valuation	61 529	31 408
– Fair value adjustments	6 569	22 490
	202 900	188 700
<b>Subsidiary property – Platz am Meer Waterfront Swakopmund, Namibia</b>		
– Purchase price: Land and buildings	16 000	16 000
– Capital movement since purchase or valuation	669 823	669 428
– Transferred to inventory	(174 684)	(174 684)
– Fair value adjustments	(256 277)	(239 882)
	254 862	270 862

**4. FAIR VALUE OF INVESTMENT PROPERTY** continued

**Details of property** continued

	2022 R'000	2021 R'000
<b>Lynnwood</b>		
– Purchase price: Land and buildings	40 795	40 795
– Capital movement since purchase or valuation	658	602
– Fair value adjustments	(9 353)	(9 397)
	32 100	32 000
	2022 R'000	2021 R'000
<b>Fair value of investment property held for sale</b> (refer to note 40)		
<b>Atteridgeville – Mnandi Shopping Centre</b>		
– Purchase price: Land	4 000	4 000
– Capital movement since purchase or valuation	143 658	143 514
– Fair value adjustments	9 342	886
	157 000	148 400
<b>Soweto Day Hospital</b>		
– Purchase price: Development	1 300	1 300
– Capital movement since purchase or valuation	26 291	26 291
– Fair value adjustments	(8 691)	7 409
	18 900	35 000

Direct operating costs (including repairs and maintenance), relating to the investment property that generated rental income during the period, of R98 831 213 (2021: R87 342 341) are included in profit or loss.

Certain investment property is held as security for mortgage bonds and the bank facilities. The value of encumbered property is as follows:

**Sebokeng – Thabong Shopping Centre**

- Sebokeng Unit 10 Extension 1 Township Registration Division I.Q., Gauteng Measuring: 9 643 (nine thousand six hundred and forty-three) square metres;
- Sebokeng Unit 10 Extension 1 Township Registration Division I.Q., Gauteng Measuring: 10 000 (ten thousand) square metres;
- Sebokeng Unit 10 Extension 1 Township Registration Division I.Q., Gauteng Measuring: 5,1061 (five comma one zero six one) hectares; and
- Sebokeng Unit 10 Extension 1 Township Registration Division I.Q., Gauteng Measuring 5 502 (five thousand five hundred and two) square metres.

**Initial valuation amount:** R497 600 000 (four hundred and ninety-seven million six hundred thousand Rand)

**Mortgage bond amount:** R1 000 000 000 (one billion Rand)

**Atteridgeville – Nkomo Village Shopping Centre**

- Atteridgeville Extension 5 Township Registration Division J.R., Gauteng Measuring: 6,9068 (six comma nine zero six eight) hectares; and
- Atteridgeville Extension 5 Township Registration Division J.R., Gauteng Measuring: 8 401 (eight thousand four hundred and one) square metres.

**Initial valuation amount:** R304 000 000 (three hundred and four million Rand)

**Mortgage bond amount:** R610 000 000 (six hundred and ten million Rand)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

4. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of property continued

Polokwane – Thornhill Shopping Centre

- Bendor Extension 87 Township Registration Division L.S., Limpopo  
Measuring: 2,5474 (two comma five four seven four) hectares; and
- Bendor Extension 87 Township Registration Division L.S., Limpopo  
Measuring: 8 272 (eight thousand two hundred and seventy-two) square metres.

Initial valuation amount: R174 000 000 (one hundred and seventy-four million Rand)

Mortgage bond amount: R348 000 000 (three hundred and forty-eight million Rand)

Atteridgeville – Atlyn Shopping Centre

- Atteridgeville Extension 25 Township Registration Division J.R., Gauteng  
Measuring: 6,4926 (six comma four nine two six) hectares.

Initial valuation amount: R527 200 000 (five hundred and twenty-seven million two hundred thousand Rand)

Mortgage bond amount: R1 055 000 000 (one billion fifty-five million Rand)

Atteridgeville – Mnandi Shopping Centre

- Atteridgeville Extension 45 Township Registration Division J.R., Gauteng  
Measuring: 2,6141 (two comma six one four one) hectares.

Initial valuation amount: R107 300 000 (one hundred and seven million three hundred thousand Rand)

Mortgage bond amount: R215 000 000 (two hundred and fifteen million Rand)

Heidelberg – Victorian Village Shopping Centre

- Heidelberg Extension 19 Township Registration Division J.R., Gauteng  
Measuring: 3,4000 (three comma four zero zero zero) hectares.

Initial valuation amount: R166 200 000 (one hundred and sixty-six million two hundred thousand Rand)

Mortgage bond amount: R333 000 000 (three hundred and thirty-three million Rand)

Mamelodi – Denlyn Shopping Centre

- Mamelodi Extension 13 Township Registration Division J.R., Gauteng  
Measuring: 7,5539 (seven comma five five three nine) hectares; and
- Mamelodi Township Registration Division J.R., Gauteng  
Measuring: 4 849 (four thousand eight hundred and forty-nine) square metres.

Initial valuation amount: R788 000 000 (seven hundred and eighty-eight million Rand)

Mortgage bond amount: R1 576 000 000 (one billion five hundred and seventy-six million Rand)

Soweto Day Hospital

- Protea Glen Extension 6 Township Registration Division I.Q., Gauteng  
Measuring: 1 912 (one thousand nine hundred and twelve) square metres.

Initial valuation amount: R35 506 000 (thirty-five million five hundred and six thousand Rand)

Mortgage bond amount: R71 000 000 (seventy-one million Rand)

4. FAIR VALUE OF INVESTMENT PROPERTY continued

Details of valuation

The effective date of the revaluations was 31 March 2022. Revaluations were performed by independent valuer, Mr WJ Hewitt (Professional Valuer NDPV, MIEA, FIVSA, RICS Registered Valuer, Appraiser).

The valuation of investment property (except for the property valuations based on the direct comparable method as detailed below) totalling R3 417 903 900 (2021: R3 282 149 000) was based on the discounted cash flow method.

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

These assumptions are based on current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

Refer to note 1.2 – Significant judgements and sources of estimation uncertainty and note 1.3 – Fair value of investment property for the basis of valuations used.

IFRS 13 seeks to increase consistency and comparability in fair value measurements and related disclosures through a “fair value hierarchy”. The hierarchy categorises the inputs used in valuation techniques into three levels. The hierarchy gives the highest priority to (unadjusted) quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs.

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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

The table below illustrates the sensitivity to key observable inputs in determining the valuation of investment property for those properties that were valued utilising the discounted cash flow method.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
▲ 0,50% Terminal capitalisation and discount rates <sup>1</sup>	(169 305)	(165 494)	(158 299)	(153 448)
▼ 0,50% Terminal capitalisation and discount rates <sup>1</sup>	188 977	185 204	176 736	171 764
▲ 1,00% Long-term vacancy provision <sup>2</sup>	(51 988)	(16 012)	(48 623)	(14 220)
▼ 1,00% Long-term vacancy provision <sup>2</sup>	22 826	(16 068)	20 639	14 266

<sup>1</sup> 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 and R158 299 448 for the Group and Company, respectively. 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 and R176 736 261 for the Group and Company, respectively.

<sup>2</sup> If the valuer were to increase the long-term vacancy provision by 1,00%, the total valuation would decrease by R51 988 200 and R48 622 500 for the Group and Company, respectively. If the valuer were to decrease the long-term vacancy provision by 1,00%, the total valuation would increase by R22 825 900 and R20 639 100 for the Group and Company, respectively.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

Description	Fair value as at 31 March		Valuation techniques	Unobservable inputs	Discount rate (%) / price per m <sup>2</sup>		Capitalisation rate (%)		Relationship of unobservable inputs to fair value
	2022 R'000	2021 R'000			2022	2021	2022	2021	
Atteridgeville – Atlyn Shopping Centre	657 700	627 500	Discounted cash flow	Capitalisation rate	13,00%	13,25%	8,50%	8,25%	The lower the capitalisation rate the higher the value.
Mamelodi – Denlyn Shopping Centre	895 700	889 000	Discounted cash flow	Capitalisation rate	13,00%	13,25%	8,50%	8,25%	The lower the capitalisation rate the higher the value.
Sebokeng – Thabong Shopping Centre	620 504	559 433	Discounted cash flow	Capitalisation rate	13,00%	13,25%	8,50%	8,25%	The lower the capitalisation rate the higher the value.
Sebokeng – Thabong Shopping Centre, additional bulk	1 896	1 867	Direct comparable method	Price per m <sup>2</sup>	R861,86/m <sup>2</sup>	R848,48/m <sup>2</sup>	–	–	
Heidelberg – Victorian Village Shopping Centre	202 900	188 700	Discounted cash flow	Capitalisation rate	13,25%	13,50%	8,75%	8,50%	The lower the capitalisation rate the higher the value.
Atteridgeville – Nkomo Village Shopping Centre	408 600	351 716	Discounted cash flow	Capitalisation rate	13,25%	13,50%	8,75%	8,50%	The lower the capitalisation rate the higher the value.
Atteridgeville – Nkomo Village Shopping Centre, additional bulk (rezoning resulted in reduced bulk)	–	5 984	Direct comparable method	Price per m <sup>2</sup>	–	R848,48/m <sup>2</sup>	–	–	
Atteridgeville – Mnandi Shopping Centre	157 000	148 400	Discounted cash flow	Capitalisation rate	13,50%	13,75%	9,00%	8,75%	The lower the capitalisation rate the higher the value.
Polokwane, Thornhill Shopping Centre	233 500	243 300	Discounted cash flow	Capitalisation rate	13,25%	13,50%	8,75%	8,50%	The lower the capitalisation rate the higher the value.
Swakopmund Namibia – Platz am Meer Waterfront Shopping Centre	223 100	239 100	Discounted cash flow	Capitalisation rate	13,50%	13,75%	9,00%	8,75%	The lower the capitalisation rate the higher the value.
Swakopmund Namibia – Erf 14, Erf 15 and Erf 16	19 620	19 620	Direct comparable method	Price per m <sup>2</sup>	R3 900/m <sup>2</sup>	R3 900/m <sup>2</sup>	–	–	The higher the rate/m <sup>2</sup> the higher the value.
Swakopmund Namibia – Erf 68	12 142	12 142	Direct comparable method	Price per m <sup>2</sup>	R3 500/m <sup>2</sup>	R3 500/m <sup>2</sup>	–	–	The higher the rate/m <sup>2</sup> the higher the value.
Lynnwood	32 100	32 000	Direct comparable method	Price per m <sup>2</sup>	R3 057/m <sup>2</sup>	R3 049/m <sup>2</sup>	–	–	The higher the rate/m <sup>2</sup> the higher the value.
Soweto	18 900	35 000	Discounted cash flow	Capitalisation rate	14,50%	14,25%	10,50%	9,25%	The lower the capitalisation rate the higher the value.
	3 483 662	3 353 762							

	Atlyn Shopping Centre Atteridgeville R'000	Denlyn Shopping Centre Mamelodi R'000	Thabong Shopping Centre Sebokeng R'000	Victorian Village Shopping Centre Heidelberg R'000	Erf 14, Erf 15, Erf 16, Erf 68, Platz am Meer Shopping Centre Swakopmund R'000	Nkomo Village Shopping Centre Atteridgeville R'000	Mnandi Shopping Centre Atteridgeville R'000	Thornhill Shopping Centre Polokwane R'000	Soweto Johannesburg R'000	Lynnwood R'000	Total R'000
Fair value adjustment opening balance	281 369	422 542	136 239	22 490	(249 881)	(21 852)	886	62 471	7 409	(9 397)	652 276
Fair value adjustment in 2022	29 851	4 752	61 167	(15 921)	(16 395)	50 823	8 456	(9 479)	(16 100)	44	97 198
Fair value adjustment closing balance	311 220	427 294	197 406	6 569	(266 276)	28 971	9 342	52 992	(8 691)	(9 353)	749 474

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**5. LOANS TO SHAREHOLDERS**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
WDB Investment Holdings Limited	47 495	49 339	47 495	49 339

In terms of the WDB Investment Holdings limited subscription, WDB Investment Holdings subscribed, during August 2017, for 6 578 948 Safari Investments RSA Limited shares at a price of R7,60 for a total subscription price of R50 000 005.

Financial assistance was provided to WDB Investment Holdings by way of a vendor loan by Safari Investments RSA Limited to WDB Investment Holdings. The salient terms of the vendor loan are:

- Seven-year loan, which outstanding amount thereafter to be settled by way of a cash payment or refinancing of the loan;
- The loan will be repaid in instalments equal to a minimum of 80% of the full dividend declared on WDB Investment Holdings' total shareholding in Safari Investments RSA Limited;
- Interest rate of prime plus 0,5%;
- WDB Investment Holdings to provide Safari Investments RSA Limited with 13 923 314 Safari Investments RSA Limited shares as security against the vendor loan;
- WDB Investment Holdings shall not be entitled to sell any shares in Safari Investments RSA Limited until such time as the vendor loan is repaid in full; and
- WDB Investment Holdings may find alternative finance for the vendor loan after 36 months and settle the full outstanding amount to Safari Investments RSA Limited. Safari Investments RSA Limited will have the option to meet any refinancing terms.

In addition to the 6 578 948 Safari shares, WDB Investment Holdings pledged a further 7 344 371 Safari shares as security for the vendor financing. There has not been a significant increase in credit risk since the initial recognition of this loan, therefore the expected credit loss allowance is based on 12-month expected credit loss.

A substantial factor that is considered in assessing for an expected credit loss allowance on the vendor loan includes the valuation of Safari Investments RSA Limited 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.

**Split between non-current and current portions**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current assets	40 436	43 077	40 436	43 077
Current assets	7 059	6 262	7 059	6 262
	47 495	49 339	47 495	49 339

**6. LOANS TO GROUP COMPANIES**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Subsidiaries</b>				
Safari Investments Namibia Proprietary Limited's unsecured loan currently bearing no interest with no fixed terms of repayment. A subordination agreement is in place governing this loan.				
Settlement of the loan is not expected to be realised within the next 12 months.	–	–	599 285	654 668
Expected credit loss allowance	–	–	(252 000)	–
<b>Split between non-current and current portions</b>				
Non-current assets	–	–	347 285	654 668

A loss allowance assessment, using the general approach, had been performed on the loan to Group companies, adjusted for factors which are specific to the terms of the loan. Under this approach, an amount equal to a lifetime expected credit loss is recognised, representing possible default events over the life of the financial asset.

Historically, current and forward-looking scenarios were taken into account in determining different possible recovery strategies which included:

- If the loan would be non-recourse in nature;
- Whether the loan meets the solely payments of principle and interest test and can be classified at amortised cost;
- The business model of the loan i.e. the underlying cash flows being generated is restricted by the basic lending arrangements;
- If all current and future net property income will be utilised to repay the loan on a monthly basis; and
- Property values and rentals would, at varying probabilities:
  - remain at or above current market levels;
  - drop by 10%, with an orderly sale at the same time; and
  - drop by 10%, with an additional 10% discounting factor and an orderly sale.

As part of the Group's strategy to exit Namibia, the provision for a lifetime expected credit loss in the amount of R252 million has been established, to bring the "loans to group companies" balance in line with expected future cash flows from the disposal of the Namibian assets.

Management, in addition to the subordination agreement has accessibility to all future cash flows generated with no fixed terms of repayment and a demand for inventory sales being experienced.

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**7. STRAIGHT-LINING LEASE ASSET**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Non-current assets	94 435	104 591	85 116	95 275
Current assets	641	3 361	641	3 240
	95 076	107 952	85 757	98 515
<b>Movement can be reconciled as follows:</b>				
Balance at the beginning of the year	107 952	91 193	98 515	83 252
Movement during the year	(12 876)	16 759	(12 758)	15 263
	95 076	107 952	85 757	98 515
<b>Maturity analysis of lease payments receivables</b>				
The future minimum lease payments receivable under non-cancellable leases are as follows:				
Future minimum lease payments receivable:				
– No later than one year	274 603	273 172	257 516	253 382
– Between one and two years	201 100	208 164	185 736	195 818
– Between two and three years	149 279	131 086	136 184	120 743
– Between three and four years	115 814	90 806	105 622	81 299
– Between four and five years	81 953	74 157	77 388	65 877
– Later than five years	720 617	756 918	720 617	752 884
	1 543 366	1 534 303	1 483 063	1 470 003

Lease terms range from three to ten years with the weighted average lease escalation being 6,08%.

**8. DEFERRED TAX**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Deferred tax asset and liability</b>				
Deferred tax asset	22 284	20 038	–	–
Deferred tax liability	(20 095)	(9 361)	(20 095)	(9 361)
	2 190	10 677	(20 095)	(9 361)
<b>Deferred tax asset/(liability)</b>				
Derivatives	4 064	10 756	4 064	10 756
Income received in advance	2 112	2 027	2 031	1 925
Loss allowance	224	159	171	159
Right-of-use asset and lease liability	379	285	379	285
Prepaid expenses	(268)	(450)	(371)	(450)
Straight-lining lease asset	38	(3 020)	–	–
Investment property	(4 359)	920	(26 369)	(22 036)
	2 190	10 677	(20 095)	(9 361)
<b>Reconciliation of deferred tax asset/(liability)</b>				
Opening balance	10 677	5 028	(9 361)	19 206
Per the statement of comprehensive income	(8 487)	5 649	(10 734)	9 845
Derivatives	(6 692)	10 756	(6 692)	10 756
Income received in advance	85	2 178	106	1 925
Loss allowance	65	159	12	159
Right-of-use asset and lease liability	94	285	94	285
Prepaid expenses	182	(450)	79	(450)
Straight-lining lease asset	3 058	(479)	–	–
Investment property	(5 279)	(6 800)	(4 333)	(2 830)
<b>Closing balance</b>	2 190	10 677	(20 095)	
Assessed losses in Namibia for which no deferred tax asset has been recognised	113 567	108 567		

**South Africa**

Deferred tax is no longer calculated on the straight-lining lease asset arising in South Africa and will form part of the Group's distribution in the future. Given the conversion to a REIT, such distributions are fully deductible for tax purposes as identified by the Income Tax Act of South Africa in line with Section 25BB and hence no tax liability will arise on operating lease assets.

For years of assessment commencing on or after 1 April 2022, the corporate tax rate will decrease to 27%. This change in tax rate will have no impact on the Group, being the 2022 financial year together with the Group's deferred tax asset relating solely to the Namibian entity.

**Namibia**

Safari Investments Namibia Proprietary Limited will, however, still incur deferred tax on the above as this subsidiary company is not a REIT. No deferred tax asset has been recognised in respect of the unused tax losses in Namibia as it is not probable that it will be possible to utilise the tax losses in the foreseeable future.



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**9. INVENTORIES**

	GROUP	
	2022 R'000	2021 R'000
At the beginning of the year	106 000	122 684
Impairment of apartments to net realisable value	(2 511)	(11 508)
Carrying value of inventory sold	(43 463)	(5 176)
Cost of inventory sold – per statement of comprehensive income	(45 204)	(5 356)
<i>Exclude:</i> expenses incurred in the sale of inventory	1 741	180
<b>At the end of the year</b>	<b>60 026</b>	106 000

As part of the Platz am Meer mixed-used development, Safari Investments Namibia Proprietary Limited developed 36 luxury sea-front apartments and offices together with a 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 which are 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 units will then acquire the membership or shares in the close corporation or private company, respectively. Currently, Safari Investments Namibia Proprietary Limited holds 100% of the shares in the private company known as Platz am Meer Property One Proprietary Limited and through its nominee, Mr DC Engelbrecht, the Group CEO, the membership in the remaining unsold close corporations.

During the current financial year, the Group had disposed of 12 units, with the average selling price achieved being below its net realisable value.

The 15 units not transferred yet were valued by independent valuer, Mr WJ Hewitt (Professional Valuer NDPV, MIEA, FIVSA, RICS Registered valuer, Appraiser) of Messrs Mills Fitchet on the effective date being 31 March 2022 with a net realisable value of R60 025 453. An impairment of R2 511 083 had been recognised as a result of the net realisable value noted previously.

**10. TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Financial instruments</b>				
Trade receivables	17 066	11 002	16 488	10 889
Deposits paid	999	999	999	999
Other receivables	5	5	–	–
Expected credit loss allowance	(979)	(922)	(814)	(758)
<b>Non-financial instruments</b>				
Prepayments	1 649	1 966	1 327	1 607
<b>Total trade and other receivables</b>	<b>18 740</b>	13 050	<b>18 000</b>	12 737
<b>Split between non-current and current portions</b>				
Current assets	18 740	13 050	18 000	12 737

**10. TRADE AND OTHER RECEIVABLES** continued

**Trade and other receivables pledged as security**

No trade and other receivables balances were pledged as security for any of the Group's liabilities.

**Trade receivables**

**Trade receivables – General approach**

Under this approach, a loss allowance for lifetime expected credit losses is recognised for a financial instrument if there has been a significant increase in credit risk since initial recognition of the financial instrument. If, at the reporting date, the credit risk has not increased significantly, a loss allowance for the 12-month expected credit loss is recognised.

Trade receivables are assessed for estimated credit losses using the general approach. A three-stage approach based on the deterioration in the credit risk of a financial asset is applied. Trade receivables are categorised by tenant type to determine the risk factor of a receivable, and therefore the probability of default. Tenant collateral i.e. tenant deposits or bank guarantees, have also been taken into account in the expected credit loss assessment, with the expected proceeds reducing the arrears balance.

The table below presents the expected credit loss rates applied to each ageing category for the current financial year and the ageing of trade receivables. An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in the credit loss allowance.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Loss allowance (12-month expected credit loss)</b>				
<b>Expected credit loss rate</b>				
30 days past due: 5% (2021: 5%)	13	23	11	22
60 days past due: 10% (2021: 10%)	21	40	19	39
90 days past due: 20% (2021: 20%)	40	55	40	54
120 days past due: 30% (2021: 30%)	15	86	15	86
150 days past due: 40% (2021: 40%)	2	117	2	117
180 days past due: 50% (2021: 50%)	888	601	727	440
	<b>979</b>	922	<b>814</b>	758
<b>Movement summary of expected credit loss allowance</b>				
At the beginning of the year	922	681	758	509
Loss allowance raised	986	1 572	1 003	1 124
Loss allowance reversed	(248)	(305)	(248)	(297)
Loss allowance utilised	(681)	(1 026)	(699)	(578)
<b>At the end of the year</b>	<b>979</b>	922	<b>814</b>	758

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**10. TRADE AND OTHER RECEIVABLES** continued

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Ageing of trade receivables</b>				
Current	6 106	6 177	6 054	8 696
30 days past due	1 808	432	1 541	433
60 days past due	880	366	698	367
90 days past due	705	220	700	221
120 days past due	560	201	555	201
150 days past due	495	175	490	175
180 days past due	6 512	3 431	6 450	796
	17 066	11 002	16 488	10 889

**Other receivables**

Other receivables mainly comprise deposits paid and prepayments. The Group has assessed the impact of expected credit losses on other receivables to be immaterial with no allowance therefore recognised in the 2022 financial year.

**11. CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Cash and cash equivalents consist of:				
Bank balances	6 128	4 296	4 777	2 164
Bank balances relating to investment property held for sale	214	–	214	–
Listing funds' bank account*	789	789	789	789
	7 131	5 085	5 780	2 953

\* The listing funds' bank account is exclusively for shareholders' deposits for the funds raised during the listing process or subsequent share issues. The balance in the account is due to unpaid cheques on the REIT distribution for certificated shareholders and the account requires a minimum account balance of R25 000.

Due to the short-term nature of cash and cash equivalents, the carrying amount is deemed to approximate the fair value.

**12. STATED CAPITAL**

	GROUP		COMPANY	
	2022	2021	2022	2021
<b>Authorised</b>				
2 000 000 000 no par value ordinary shares	–	–	–	–
<b>Reconciliation of number of shares issued</b>				
Shares issued (legal)	310 826 016	310 826 016	310 826 016	310 826 016
Southern Palace shares treated as treasury shares*	(53 000 000)	(53 000 000)	(53 000 000)	(53 000 000)
<b>Shares issued (accounting)</b>	257 826 016	257 826 016	257 826 016	257 826 016
<b>Issued</b>				
At the beginning of the year (R'000)	1 606 452	1 606 452	1 606 452	1 606 452
Movements during the year (R'000)	–	–	–	–
<b>At the end of the year – 310 826 016 (2021:310 826 016) no par value ordinary shares</b>	1 606 452	1 606 452	1 606 452	1 606 452

\* Safari holds a pledge over the 53 million Safari shares as security for the claim against Southern Palace and would recover as a minimum for the debt owed by Southern Palace, the value of the shares upon realisation or cancellation. The 53 million shares are treated as treasury shares for accounting purposes.

**13. DERIVATIVES**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Hedging derivatives</b>				
Interest rate swaps	(14 076)	(38 415)	(14 076)	(38 415)
JIBAR-linked interest rate swaps	–	–	–	–
In line with an internal hedging policy adopted by the Board, as well as requirements of the Absa facility agreements, a portion of the debt has been fixed by way of interest rate swaps. At the reporting date, the Group has hedged its exposure to interest rate fluctuations to 47% of its interest-bearing borrowings. Refer to note 14.				
	(14 076)	(38 415)	(14 076)	(38 415)
<b>Split between non-current and current portions</b>				
Non-current liabilities	(10 735)	(35 540)	(10 735)	(35 540)
Current liabilities	(3 341)	(2 875)	(3 341)	(2 875)
	(14 076)	(38 415)	(14 076)	(38 415)

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**14. INTEREST-BEARING BORROWINGS**

	GROUP	
	2022 R'000	2021 R'000
<b>Facilities – Absa Bank Limited</b>	<b>1 301 499</b>	1 320 451
During the 2019 financial year, Safari successfully implemented a security special purpose vehicle ("SPV") whereby bonds have been registered over most of Safari's investment properties in the security SPV structure to provide pooled security to lenders. The structure is regulated by a Common Terms Agreement, cession of security, counter indemnity agreements as well as debt guarantees.		
Absa is currently Safari's sole financier.		
Secured by certain investment property as per note 4.		
<b>Facility A (repaid):</b> R300 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 1,75% with the facility fully repaid in February 2022.		
<b>Facility B:</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.		
<b>Facilities C and D (repaid):</b> R500 000 000 – monthly repayments of interest only at the prime bank overdraft rate less 1,05% at year-end with capital due on both facilities upon maturity in August 2021.		
<b>Facility E:</b> 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.		
<b>Facility F:</b> 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.		
<b>Facility G:</b> R150 000 000 – monthly repayment of interest only at the prime bank overdraft rate less 1,15% (prime: 7,75% (2021: 7%) at year-end with the capital due upon maturity in August 2022.		
<b>Facility H:</b> R300 000 000 – quarterly repayments of interest only at the three-month JIBAR rate plus 2,05% with the capital due upon maturity in June 2023.		
<b>Facility I:</b> 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.		
<b>Facility J:</b> 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.		
<b>Total facility:</b> R1 400 000 000 (2021: R1 400 000 000).		
Proceeds from interest-bearing borrowings: R351 308 000 (2021: R946 259 000).		
Repayment of interest-bearing borrowings: R370 554 000 (2021: R710 847 000).		
Absa Credit Card Facility: R45 000.		

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

	Actual ratios 31 March 2022	Covenant ratios 31 March 2022
<b>Debt covenants – loan-to-value ("LTV") and interest cover ratio ("ICR")</b>		
– Transactional LTV (including mark-to-market value)	<b>38,1%</b>	<b>&lt;55%</b>
– Transaction LTV (excluding mark-to-market value)	<b>37,7%</b>	<b>&lt;50%</b>
– Transactional ICR	<b>2,80</b>	<b>&gt;1,85</b>
– Corporate ICR	<b>2,43</b>	<b>&gt;2,00</b>
– Corporate LTV	<b>38,7%</b>	<b>&lt;50%</b>
– Hedging covenant (pursuant to facilities A and B only)	<b>100%</b>	<b>&gt;75%</b>
– Hedging agreements covenant	<b>0,47</b>	<b>&lt;1,25</b>

Safari remains within the parameters of compliance for debt covenants and does not foresee any breaching of covenant triggers.

**14. INTEREST-BEARING BORROWINGS** continued

The Group holds as part of its security SPV agreement and 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.

	GROUP	
	2022 R'000	2021 R'000
<b>Split between non-current and current portions</b>		
Non-current liabilities	<b>1 248 844</b>	516 065
Current liabilities	<b>52 655</b>	804 386
	<b>1 301 499</b>	1 320 451
<b>Reconciliation of movement</b>		
At the beginning of the year	<b>1 320 451</b>	1 087 240
Proceeds during the period	<b>351 308</b>	946 259
Repayments during the period	<b>(370 554)</b>	(710 847)
Transaction and finance costs accrued	<b>294</b>	(2 201)
<b>At the end of the year</b>	<b>1 301 499</b>	1 320 451

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. Currently, 47% of debt is hedged. R150 million of the total facilities of R1,4 billion will mature during the next 12 months. During June 2022, Safari successfully concluded a facility agreement with a new lender, Standard Bank of SA Limited. This new facility of R200 million will refinance the maturing R150 million Absa facility and also be used in Safari's growth strategy.

**15. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Financial assets at amortised cost</b>				
Loans to shareholders	<b>47 495</b>	49 339	<b>47 495</b>	49 339
Loans to Group companies	<b>–</b>	–	<b>347 285</b>	654 668
Investments in subsidiaries	<b>–</b>	–	<b>9 959</b>	9 959
Investments in joint ventures	<b>1 500</b>	–	<b>1 500</b>	–
Trade and other receivables	<b>18 740</b>	13 050	<b>18 000</b>	12 737
	<b>67 735</b>	62 389	<b>424 239</b>	726 703
<b>Financial liabilities at amortised cost</b>				
Interest-bearing borrowings	<b>1 301 499</b>	1 320 451	<b>1 301 499</b>	1 320 451
Trade and other payables	<b>30 074</b>	29 756	<b>28 860</b>	27 169
	<b>1 331 573</b>	1 350 207	<b>1 330 359</b>	1 347 620
<b>Financial liabilities at fair value</b>				
Derivatives	<b>14 076</b>	38 415	<b>14 076</b>	38 415
	<b>14 076</b>	38 415	<b>14 076</b>	38 415



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

## 16. SHARE-BASED PAYMENT RESERVE

The Group has awarded a conditional right to ordinary shares for both Executive Directors and management in terms of its LTI Plan.

The LTI Plan aims to align the interests of management to those of shareholders. Details of the plan are included within the Remuneration Policy. The total number of shares awarded referred to as "LTI plan participation" is determined by using a 30-trading day VWAP on the grant date and a percentage of total cost to company ("TCTC") for both Executive Directors and management.

The 561 447 shares awarded at the grant date, 1 July 2021, are subject to both retention and performance conditions, measured over a five- and three-year period, respectively, requiring that the participant remain employed by the Group until 31 March 2026.

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, being 1 July 2021 until 31 March 2026. The fair value of the conditional share awards was measured using the Black Scholes formula.

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 inputs and assumptions used in the calculation of the fair value of equity instruments granted.

Assumptions and estimates	Conditional share award vesting – July 2024	Conditional share award vesting – July 2025	Conditional share award vesting – July 2026
Grant date	1 July 2021	1 July 2021	1 July 2021
Issue price (30-trading day VWAP)	R3,82	R3,82	R3,82
Vesting date	31 July 2024	31 July 2025	31 July 2026
Retention condition factor	95%	95%	95%
Performance condition factor	60%	60%	60%
Weighted average fair value per awarded share at grant date	R5,55	R5,95	R6,47
Annualised share price volatility at grant date	29,02%	31,82%	41,94%
Risk-free interest rate	8,28%	9,61%	10,95%

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Movement summary for share-based payment reserve</b>				
At the beginning of the year	–	–	–	–
Expense recognised in profit or loss	465	–	465	–
Shares issued during the current year	–	–	–	–
<b>At the end of the year</b>	<b>465</b>	–	<b>465</b>	–

## 17. LEASES (GROUP AS LESSEE)

The Group is a lessee in respect of its corporate head office premises in Pretoria. This five-year non-cancellable lease with Wealthgate Investments 45 Proprietary Limited has a renewable option period of three years. The Group applied judgement in concluding that it was probable that the option to renew would be exercised.

This is reflected on the statement of financial position as a right-of-use asset of R4 976 347 and lease liability of R6 331 611. Details of leasing arrangements, where the Group is lessee, are presented below.

	GROUP	
	2022 R'000	2021 R'000
<b>Right-of-use assets</b>		
The carrying amounts of right-of-use assets are as follows:		
Right-of-use asset	4 976	5 955
<b>Reconciliation of right-of-use asset</b>		
Carrying amount at the beginning of the year	5 955	6 934
<b>Depreciation recognised on right-of-use asset</b>		
Depreciation recognised on each class of right-of-use asset is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss as part of operating expenses of the Group.	(979)	(979)
<b>Carrying amount at the end of the year</b>	<b>4 976</b>	5 955
<b>Lease liabilities</b>		
Lease liabilities	6 332	6 976
<b>Reconciliation of lease liabilities</b>		
At the beginning of the year	6 976	7 478
Payment of lease liabilities (per statement of cash flows)	(644)	(502)
Lease payments	(1 250)	(1 160)
Interest expense	606	658
<b>Carrying amount at the end of the year</b>	<b>6 332</b>	6 976
Non-current liabilities	5 525	6 332
Current liabilities	807	644
	<b>6 332</b>	6 976
<b>Maturity analysis of lease liabilities</b>		
Within one year	1 346	1 250
Within two years	1 450	1 346
Within three years	1 562	1 450
Within four years	1 682	1 562
Within five years	1 964	1 682
Later than five years	–	1 964
	<b>8 004</b>	9 254

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**18. TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Financial instruments</b>				
Trade payables	3 513	5 743	3 362	5 260
Tenants' deposits received	14 629	13 657	14 156	13 199
<b>Non-financial instruments</b>				
Income received in advance	7 507	7 195	7 253	6 874
VAT	4 425	3 162	4 089	1 836
	30 074	29 757	28 860	27 169

**19. REVENUE**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Property revenue – rental income	318 937	282 309	292 902	258 703
Property revenue – tenant recoveries	46 541	38 589	45 139	37 629
Straight-line lease adjustment	9 160	16 759	9 279	15 263
Revenue from sale of inventory	41 430	5 055	–	–
	416 068	342 712	347 320	311 595

Certain tenants are also invoiced for turnover rental which is based on a percentage of their audited annual turnover. Total turnover rental recognised as income in the period is R3 247 753 (2021: R6 217 673).

**20. OTHER INCOME**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Insurance claims received	28 870	1 222	28 870	1 119
Other income	5 711	5 154	5 547	4 880
	34 581	6 376	34 417	5 999

Rent relief granted to tenants in the 2022 financial year totalled approximately R1,5 million due to the COVID-19 pandemic. Together with the R27 million relief granted in the 2021 financial year, this brings the total relief granted by Safari due to the pandemic to R28,5 million. The Group's legal claim against its insurers is still in process and the Board is hopeful that a settlement will be achieved in the 2023 financial year to recover the loss.

The unfortunate period of civil unrest in South Africa in July 2021 resulted in material damage to certain assets, most notably at Thabong Shopping Centre in Sebokeng. To date, the Company has incurred R26,96 million in expenses for material repairs. Interim compensation payments received from Sasria amount to R26,09 million. The claim for the recovery of the remainder of the expenses is still in process.

This event naturally caused severe business interruption, again mainly at Thabong Shopping Centre. Rent relief granted to tenants for the period of civil unrest, closure and repairs totals approximately R11 million to date with interim payments of R7 million received from the insurer. The precise shortfall still to be recovered will be determined in due course.

**21. FAIR VALUE – INVESTMENT PROPERTY**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Fair value gains</b>				
Investment property	88 038	153 058	104 314	161 443

**22. OPERATING PROFIT**

Notable line items affecting operating profit include:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Employee costs</b>				
Basic	20 160	19 427	19 553	18 640

Refer to note 36 for detail regarding Directors' emoluments.

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Expected credit loss allowance</b>				
Expected credit loss allowance on Group company loan	–	–	(252 000)	–

Refer to note 6 for detail regarding loans to Group companies.

**23. INVESTMENT INCOME**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Interest income</b>				
Interest charged	4 161	4 426	4 095	4 342

**24. FINANCE COSTS**

	GROUP	
	2022 R'000	2021 R'000
Interest-bearing borrowings	97 658	97 004
Interest lease payments	606	658
<b>Total finance costs</b>	98 264	97 662

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

**25. OTHER NON-OPERATING GAINS/(LOSSES)**

	GROUP	
	2022 R'000	2021 R'000
<b>Fair value gains/(losses)</b>		
Net gain/(loss) on interest rate swaps – refer to note 13	23 902	(12 835)

**26. TAXATION**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
<b>Major components of the tax expense</b>				
<b>Current</b>				
Foreign income tax or withholding tax – current period	759	288	759	288
<b>Deferred</b>				
Originating and reversing temporary differences – current period	8 487	2 670	10 733	(2 222)
Prior period under/over provision of deferred tax	–	(8 319)	–	(7 623)
	8 487	(5 649)	10 733	(9 845)
	9 246	(5 361)	11 492	(9 557)

**Reconciliation of the tax expense**

Reconciliation between applicable tax rate and average effective tax rate.

	GROUP		COMPANY	
	2022 %	2021 %	2022 %	2021 %
Applicable tax rate	28,00	28,00	28,00	28,00
Non-taxable fair value adjustments	(11,10)	(20,50)	(191,87)	(20,32)
Impact of different Namibian tax rate (32%)	(0,11)	0,20	–	–
Deferred tax asset on Namibian assessed loss not recognised	0,53	0,47	–	–
Permanent difference – expected credit loss on Group company loan	–	–	425,65	–
Permanent difference – Section 25BB	(13,80)	(7,07)	(192,46)	(8,15)
Prior period under/over provision of deferred tax	–	(3,14)	–	(3,14)
<b>Effective tax rate</b>	<b>3,52</b>	<b>(2,04)</b>	<b>69,32</b>	<b>(3,61)</b>

Fair value adjustments that are realised by South African investment properties within the Group are non-taxable as a result of Safari Investments RSA Limited being a listed REIT. The tax rate reconciliation disclosure reflects the impact of the difference between the Namibian and South African tax rate as well as the assessed loss carried in Namibia. The change in the South African corporate tax rate to 27% for years of assessment commencing on or after 1 April 2022 and will not have an impact on the Group as the recognised deferred tax asset relates mainly to the Namibian entity. Refer to note 8. The Namibian entity has not generated any taxable income in the current and prior years, maintaining its assessed loss position.

**27. CASH GENERATED FROM OPERATIONS**

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Profit before tax	262 981	262 218	16 577	264 550
<b>Adjustments for:</b>				
Depreciation	1 283	1 229	1 252	1 223
Interest income	(4 161)	(4 426)	(4 095)	(4 342)
Share-based payment reserve	(465)	–	(465)	–
Finance costs	98 264	97 662	98 264	97 662
Fair value adjustments	(111 939)	(140 223)	(128 216)	(148 608)
Impairment of loan to Group company	–	–	252 000	–
Impairment of inventory	2 511	11 508	–	–
Movements in operating lease assets	(9 160)	(16 759)	(9 279)	(15 263)
<b>Changes in working capital</b>				
Inventory	45 975	5 176	–	–
Trade and other receivables	(5 690)	(457)	(5 263)	(2 305)
Trade and other payables	318	(2 333)	1 691	(1 136)
	279 917	213 595	222 466	191 781

**28. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES**

	GROUP		
	Interest-bearing borrowings R'000	Lease liabilities R'000	Retained earnings R'000
At the beginning of the year	1 320 451	6 975	542 738
Proceeds from interest-bearing borrowings	351 308	–	–
Repayment of interest-bearing borrowings	(370 554)	–	–
Payment of lease liabilities	–	(644)	–
Transaction and finance cost accrued	294	–	–
REIT distribution paid	–	–	(128 913)
Total comprehensive income for the year	–	–	253 735
<b>At the end of the year</b>	<b>1 301 499</b>	<b>6 332</b>	<b>667 560</b>

	COMPANY		
	Interest-bearing borrowings R'000	Lease liabilities R'000	Retained earnings R'000
At the beginning of the year	1 320 451	6 975	810 467
Proceeds from interest-bearing borrowings	351 308	–	–
Repayment of interest-bearing borrowings	(370 554)	–	–
Payment of lease liabilities	–	(644)	–
Transaction and finance cost accrued	294	–	–
REIT distribution paid	–	–	(128 913)
Total comprehensive income for the year	–	–	5 085
<b>At the end of the year</b>	<b>1 301 499</b>	<b>6 332</b>	<b>686 639</b>



**NOTES TO THE ANNUAL FINANCIAL STATEMENTS** continued  
for the year ended 31 March 2022

## 29. TAX PAID

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Current tax for the year recognised in profit or loss	(759)	(288)	(759)	(288)

## 30. REIT DISTRIBUTION

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

Refer to the distribution statement within the Directors report.

## 31. EARNINGS PER SHARE

		GROUP	
	Note	2022	2021
Earnings used in the calculation of basic earnings per share (profit after tax R'000)		253 735	267 579
Number of ordinary shares in issue (for accounting purposes)	12	257 826 016	257 826 016
Diluted weighted average number of ordinary shares	12	257 928 790	257 826 016
Weighted average number of ordinary shares in issue at year-end	12	257 826 016	257 826 016
Add: weighted potential dilutive impact of the LTI Plan		102 774	–
Headline earnings (R'000)		165 697	97 762
Basic earnings per share (cents)		98,41	103,78
Diluted earnings per share (cents)		98,37	103,78
Basic headline earnings per share (cents)		64,27	37,92
Diluted headline earnings per share (cents)		64,24	37,92
<b>Headline earnings reconciliation</b>			
Basic earnings (profit after tax R'000)		253 735	267 579
Fair value adjustments (R'000)		(88 038)	(169 817)
<b>Headline earnings (R'000)</b>		<b>165 697</b>	<b>97 762</b>

\* Fair value adjustments that are realised by South African investment properties within the Group are non-taxable as a result of Safari Investment RSA Limited being a listed REIT.

## 32. INVESTMENTS IN SUBSIDIARIES

	COMPANY			
	% holding 2022	% holding 2021	Carrying amount 2022 R'000	Carrying amount 2021 R'000
<b>Safari Investments RSA Limited</b>				
Safari Investments Namibia Proprietary Limited	100,00	100,00	9 959	9 959

## 33. RELATED PARTIES

<b>Relationships</b>	
<b>Subsidiaries</b>	Safari Investments Namibia Proprietary Limited (100% owned) – refer to note 32
<b>Joint venture</b>	Pollycat Proprietary Limited (trading as HS Secure) (50% owned) – refer to note 39

### Related party transactions

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Compensation to Directors and head office staff (cost to company)	19 264	16 312	19 264	16 312

## 34. SUBSEQUENT EVENTS

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

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

- A final cash distribution of 32 cents per Safari share which will be paid to shareholders during July 2022;
- The refurbishment project of the Denlyn Shopping Centre amounting to R34 056 053; and
- The initial capital budget for the Nkomo Village Shopping Centre expansion amounting to R54 102 724 was adjusted to R63 344 187 to accommodate boreholes and a back up water system.

During June 2022, Safari successfully concluded a facility agreement with a new lender, Standard Bank of SA Limited. This new facility of R200 million will refinance the maturing R150 million Absa facility and also be used in Safari's growth strategy.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

35. NET ASSET VALUE PER SHARE

	GROUP		COMPANY	
	2022	2021	2022	2021
Total assets (R'000)	3 646 553	3 554 149	3 664 418	3 819 291
Total liabilities (R'000)	(1 372 076)	(1 404 959)	(1 370 862)	(1 402 372)
Reported net asset value (R'000)	2 274 477	2 149 190	2 293 556	2 416 919
Ordinary shares in issue*	257 826 016	257 826 016	257 826 016	257 826 016
Net asset value per share (Rand per share)	8,82	8,34	8,90	9,37
Tangible net asset value (Rand per share)	8,82	8,34	8,90	9,37
Reported net asset value adjusted for:				
Dividend declared (R'000)	(82 504)	(64 457)	(82 504)	(64 457)
Fair value of derivative financial instruments (R'000)	14 076	38 415	14 076	38 415
Deferred tax (R'000)	(2 190)	(10 677)	20 095	9 361
SA REIT net asset value (R'000)	2 203 859	2 112 471	2 245 223	2 400 238
Ordinary shares in issue*	257 826 016	257 826 016	257 826 016	257 826 016
SA REIT net asset value (Rand per share)	8,55	8,19	8,71	9,31

\* 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.

36. DIRECTORS' EMOLUMENTS

	GROUP		
	Directors' fees R'000	Committee fees R'000	Total R'000
2022			
Directors			
DC Engelbrecht	3 327	–	3 327
GJ Heron	421	107	528
MH Muller	309	208	517
Dr PA Pienaar	309	204	513
Dr MT Matshoba-Ramuedzisi	282	155	437
SB Herring	235	40	275
WL Venter	3 002	–	3 002
	7 885	714	8 599

36. DIRECTORS' EMOLUMENTS continued

	GROUP			
	Directors' fees R'000	Committee fees R'000	Independent Committee and ad hoc commission R'000	Total R'000
2021				
AE Wentzel	182	113	–	295
AM Slabber	85	14	203	302
CR Roberts	128	30	52	210
DC Engelbrecht	2 939	–	–	2 939
ER Swanepoel	50	24	222	296
FN Khanyile	127	50	–	177
GJ Heron	186	77	16	279
K Pashiou	127	30	19	176
MH Muller	83	67	10	160
Dr MT Matshoba-Ramuedzisi	83	45	10	138
Dr M Minnaar	127	112	–	239
Dr PA Pienaar	127	94	10	231
WL Venter	2 846	–	–	2 846
	7 090	656	542	8 288

Executives' remuneration for the year ended 31 March 2022:

Name	Total base pay R'000	STI R'000	Benefits <sup>1</sup> R'000	Total R'000
2022				
DC Engelbrecht <sup>2</sup>	2 890	350	87	3 327
WL Venter <sup>2</sup>	2 586	338	78	3 002
MC Basson <sup>2,3</sup>	1 358	133	41	1 532
Total	6 834	821	206	7 861
2021				
DC Engelbrecht <sup>2</sup>	2 647	213	79	2 939
WL Venter <sup>2</sup>	2 556	213	77	2 846
Total	5 203	426	156	5 785

<sup>1</sup> Benefits include retirement savings contributions, life insurance, disability and funeral cover.

<sup>2</sup> Remuneration is a fixed total base pay in terms of an employment agreement, a cash bonus based on performance appraisals and benefits such as retirement savings and life insurance.

<sup>3</sup> The original role of MC Basson (head of Asset Management) was formally transitioned to the executive position of COO on 17 November 2021. MC Basson however does not hold a Board position.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

### 37. SEGMENT REPORT

The Group classifies the following 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.

	GROUP							
	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Limpopo R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
<b>31 March 2022</b>								
<b>Turnover (external)</b>	<b>130 144</b>	<b>96 574</b>	<b>63 578</b>	<b>21 128</b>	<b>31 286</b>	<b>68 749</b>	<b>4 611</b>	<b>416 068</b>
Reportable segment profit before investment revenue, fair value adjustments and finance costs	<b>103 612</b>	<b>72 389</b>	<b>49 178</b>	<b>15 291</b>	<b>20 959</b>	<b>10 620</b>	<b>–</b>	<b>272 050</b>
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(26 906)</b>	<b>(26 906)</b>
<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>15 291</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	<b>1 231 157</b>	<b>898 415</b>	<b>624 673</b>	<b>203 017</b>	<b>233 952</b>	<b>317 092</b>	<b>–</b>	<b>3 508 306</b>
Unallocated assets	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>138 247</b>	<b>138 247</b>
<b>Total assets</b>	<b>1 231 157</b>	<b>898 415</b>	<b>624 673</b>	<b>203 017</b>	<b>233 952</b>	<b>317 092</b>	<b>138 247</b>	<b>3 646 553</b>
Segment liabilities	<b>11 224</b>	<b>3 559</b>	<b>5 632</b>	<b>958</b>	<b>2 347</b>	<b>684</b>	<b>5 669</b>	<b>30 074</b>
Unallocated liabilities	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>40 503</b>	<b>40 503</b>
Interest-bearing borrowings	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>1 301 499</b>	<b>1 301 499</b>
<b>Total liabilities</b>	<b>11 224</b>	<b>3 559</b>	<b>5 632</b>	<b>958</b>	<b>2 347</b>	<b>684</b>	<b>1 347 671</b>	<b>1 372 076</b>
<b>Other segment items</b>								
Interest revenue (external)	<b>192</b>	<b>85</b>	<b>47</b>	<b>2</b>	<b>18</b>	<b>66</b>	<b>–</b>	<b>411</b>
Unallocated interest revenue	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>3 750</b>	<b>3 750</b>
<b>Investment revenue</b>	<b>192</b>	<b>85</b>	<b>47</b>	<b>2</b>	<b>18</b>	<b>66</b>	<b>3 750</b>	<b>4 161</b>
<b>Fair value adjustments</b>	<b>89 129</b>	<b>4 752</b>	<b>61 167</b>	<b>(15 921)</b>	<b>(9 479)</b>	<b>(16 395)</b>	<b>(16 056)</b>	<b>97 198</b>
Interest expense	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>31</b>	<b>–</b>	<b>–</b>	<b>31</b>
Unallocated interest expense	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>98 232</b>	<b>98 232</b>
<b>Finance costs</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>31</b>	<b>–</b>	<b>98 232</b>	<b>98 264</b>

### 37. SEGMENT REPORT continued

	GROUP							
	Atteridge- ville R'000	Mamelodi R'000	Sebokeng R'000	Heidelberg R'000	Limpopo R'000	Namibia R'000	Recon- ciliation R'000	Total R'000
<b>31 March 2021</b>								
<b>Turnover (external)</b>	115 346	79 907	71 478	16 488	23 882	31 117	4 494	342 712
Reportable segment profit before investment revenue, fair value adjustments and finance costs	94 883	61 660	51 106	11 991	14 753	5 973	–	240 366
Unallocated reportable segment profit before investment revenue, fair value adjustments and finance costs	–	–	–	–	–	–	(25 134)	(25 134)
<b>Profit before investment revenue, fair value adjustments and finance costs</b>	94 883	61 660	51 106	11 991	14 753	5 973	(25 134)	215 231
<b>Segment assets and liabilities</b>								
Segment assets	1 136 809	889 833	562 579	188 806	244 652	379 308		3 401 987
Unallocated assets	–	–	–	–	–	–	152 162	152 162
<b>Total assets</b>	1 136 809	889 833	562 579	188 806	244 652	379 308	152 162	3 554 149
Segment liabilities	9 580	4 069	5 503	795	2 090	2 190		24 227
Unallocated liabilities	–	–	–	–	–	–	60 281	60 281
Interest-bearing borrowings	–	–	–	–	–	–	1 320 451	1 320 451
<b>Total liabilities</b>	9 580	4 069	5 503	795	2 090	2 190	1 380 732	1 404 959
<b>Other segment items</b>								
Interest revenue (external)	184	96	75	28	106	85	–	574
Unallocated interest revenue	–	–	–	–	–	–	3 852	3 852
<b>Investment revenue</b>	184	96	75	28	106	85	3 852	4 426
<b>Fair value adjustments</b>	74 337	74 691	3 956	16 584	17 645	(6 889)	(10 507)	169 817
Interest expense	–	–	–	–	–	–	–	–
Unallocated interest expense	–	–	–	–	33	–	97 629	97 662
<b>Finance costs</b>	–	–	–	–	33	–	97 629	97 662

#### Entity-wide disclosure

The Group predominantly trades within South Africa, with the only foreign-held investment property being Namibia from which the Group does generate foreign rental income.

During the reporting period, no single tenant's revenue exceeded 10% of the total rental income.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

38. RISK MANAGEMENT

Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital by maintaining a good balance between debt and equity finance.

The capital structure of the Group consists of debt, which includes interest-bearing borrowings as disclosed in note 14, and equity as disclosed in the statement of financial position amounting to R3 575 976 000 (2021: R3 469 641 000).

A REIT distribution of a minimum of 75% of taxable income will be distributed every year as per the REIT requirements and legislation.

The Group, as part of its strategy, endeavours to maintain a loan-to-value ratio of not more than 45%, except in high-growth periods or other unforeseen circumstances.

The loan-to-value ratios at 2022 and 2021, respectively, were as follows:

	Note	GROUP		COMPANY	
		2022 R'000	2021 R'000	2022 R'000	2021 R'000
Interest-bearing borrowings	14	1 301 499	1 320 451	1 301 499	1 320 451
Cash and cash equivalents (including cash and bank balances in a disposal group held for sale)	11	(7 131)	(5 085)	(5 780)	(2 953)
Net debt		1 294 368	1 315 366	1 295 719	1 317 498
Fair value of investment property and net realisable value of inventory		3 543 689	3 459 762	3 228 800	3 082 900
Loan-to-value ratio		37%	38%	40%	43%

Financial risk management

Overview

The Group’s activities expose it to a variety of financial risks: market risk (paraphrasing risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group is not exposed to foreign exchange risk. The only cross-border transactions which occur within the Group are with the Group’s subsidiary located in Namibia.

The exchange rate is: 1 South African Rand = 1 Namibian Dollar.

38. RISK MANAGEMENT continued

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and loans to shareholders. The Group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty.

The credit quality of tenants is assessed by taking into account their financial position, past experience and performing a credit verification before a property is let. The Group only lets property to tenants who are considered to be creditworthy. In addition, the trade receivables age analysis is reviewed on a weekly basis with the intention of minimising the Group’s exposure to bad debts. Deposits or bank guarantees are also held in most instances to further minimise the Group’s exposure to bad debts.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, among others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 30 days past due. Trade receivables that are neither past due nor impaired are considered to be of high credit quality accompanied by an insignificant default rate.

Loans to shareholders relate to the vendor loan with WDB Investment Holdings (note 5). Dividends arising from the shares held in Safari by WDB Investment Holdings are utilised as repayment of the loan. The loan is not recourse to Safari shares only and has a fixed date of maturity.

Loans to Group companies relate to an unsecured loan provided to Safari Investments Namibia Proprietary Limited which currently bears no interest with no fixed terms of repayment and with a subordination agreement in place governing this loan.

There has not been a significant increase in credit risk since the initial recognition of these loans. Therefore the expected credit loss allowance is based on 12-month expected credit losses. After taking into account the financial position of WDB Investment Holdings, any expected credit losses would be immaterial.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	GROUP					
		2022			2021		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
Loans to shareholders	5	47 495	–	47 495	49 339	–	49 339
Trade and other receivables	10	19 719	(979)	18 740	13 972	(922)	13 050
Cash and cash equivalents	11	7 131	–	7 131	5 085	–	5 085
		74 345	(979)	73 366	68 396	(922)	67 474

	Note	COMPANY					
		2022			2021		
		Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000	Gross carrying amount R'000	Credit loss allowance R'000	Amortised cost R'000
Loans to Group companies	6	599 285	(252 000)	347 285	654 668	–	654 668
Loans to shareholders	5	47 495	–	47 495	49 339	–	49 339
Trade and other receivables	10	18 922	(922)	18 000	13 495	(758)	12 737
Cash and cash equivalents	11	5 780	–	5 780	2 953	–	2 953
		671 482	(252 922)	418 560	720 455	(758)	719 697

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2022

### 38. RISK MANAGEMENT continued

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Group's capital commitments are pertinent to the improvement of investment property to the value of R91 206 967, which have been authorised and committed to by the Board.

The Group's risk to liquidity is a result of the funds available to cover future commitments. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored. The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Note	GROUP			
		Less than one year R'000	Two to five years R'000	Total R'000	Carrying amount R'000
<b>2022</b>					
Interest-bearing borrowings	14	152 042	1 348 153	1 500 195 <sup>1</sup>	1 301 499
Lease liabilities		1 346	6 658	8 004	6 332
Trade and other payables		18 142	–	18 142	18 142
<b>2021</b>					
Interest-bearing borrowings	14	873 100	562 600	1 435 700 <sup>1</sup>	1 320 451
Lease liabilities		1 250	8 004	9 254	6 976
Trade and other payables		19 400	–	19 400	19 400

<sup>1</sup> Includes estimated interest payments up to maturity of facilities including the effect of interest rate swaps.

	Note	COMPANY			
		Less than one year R'000	Two to five years R'000	Total R'000	Carrying amount R'000
<b>2022</b>					
Interest-bearing borrowings	14	152 042	1 348 153	1 500 195 <sup>1</sup>	1 301 499
Lease liabilities		1 346	6 658	8 004	6 332
Trade and other payables		17 518	–	17 518	17 518
<b>2021</b>					
Interest-bearing borrowings	14	873 100	562 600	1 435 700 <sup>1</sup>	1 320 451
Lease liabilities		1 250	8 004	9 254	6 976
Trade and other payables		18 459	–	18 459	18 459

<sup>1</sup> Includes estimated interest payments up to maturity of facilities including the effect of interest rate swaps.

#### Interest rate risk

The Group's interest rate risk arises from long-term bank borrowings at variable interest rates (therefore cash flow risk). Borrowings issued at fixed rates expose the Group to fair value interest rate risk and borrowings issued at variable rates expose the Group to cash flow rate risk.

As at 31 March 2022, if interest rates on Rand-denominated borrowings had been 1% higher with all other variables held constant, post-tax profit and equity for the year would have been R10 084 159 (2021: R6 848 213) lower, mainly as a result of higher interest expense on floating rate borrowings.

### 38. RISK MANAGEMENT continued

#### Interest rate risk continued

As part of the Group's risk management strategies, derivatives have been utilised to hedge against interest rate risks arising from its financing engagements. The derivative financial instruments held relate to interest rate swaps measured at fair value as at the reporting date. This is calculated using the net present value the Group would pay or receive from the swap counterparty based on current interest rates. The Group's derivative financial instruments are only used for economic hedging purposes and not as speculative investments.

	GROUP	
	2022 R'000	2021 R'000
▲ Swap curve with 100bps parallel shift upwards <sup>1</sup>	(7 083)	(13 550)
▼ Swap curve with 100bps parallel shift downwards <sup>2</sup>	7 282	13 945

<sup>1</sup> As at 31 March 2022, if the interest rates on Rand-denominated interest rate swaps had been 1% higher, the fair value of the derivative would decrease by R7 082 983 (2021: R13 549 539).

<sup>2</sup> As at 31 March 2022, if the interest rates on Rand-denominated interest rate swaps had been 1% lower, the fair value of the derivative would increase by R7 281 462 (2021: R13 945 272).

#### Fair value information

Financial assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "fair value hierarchy"):

- **Level 1:** Quoted prices in active markets for identical items (unadjusted).
- **Level 2:** Observable direct or indirect inputs other than Level 1 inputs. The observable inputs for a financial instrument are either direct, as market-quoted prices or indirect, from derived prices.
- **Level 3:** Unobservable inputs (i.e. not derived from market data).

#### Interest rate swaps at fair value

The Group measured its derivative financial instruments which relate to interest rate swaps at fair value on 31 March 2022. 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.

Interest rate swaps have been entered into in order to mitigate against the effect of changes in interest rates.

	Note	GROUP	
		Fair value of contract 2022 R'000	Fair value of contract 2021 R'000
Interest rate swaps	13	14 076	38 415

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued  
for the year ended 31 March 2022

39. INVESTMENT IN JOINT VENTURES

Joint ventures

The following table lists all of the joint ventures within the Group accounted for using the equity method:

	GROUP			
	Ownership interest 2022 %	Ownership interest 2021 %	Carrying amount 2022 R'000	Carrying amount 2021 R'000
Safari Investments RSA Limited				
Pollycat Proprietary Limited (trading as HS Secure)	50,00	–	1 500	–
	COMPANY			
	Ownership interest 2022 %	Ownership interest 2021 %	Carrying amount 2022 R'000	Carrying amount 2021 R'000
Safari Investments RSA Limited				
Pollycat Proprietary Limited (trading as HS Secure)	50,00	–	1 500	–

The Group has a 50% (2021: 0%) interest in a joint venture, Pollycat Proprietary Limited (trading as HS Secure), a separate structured vehicle incorporated and operating in South Africa. The primary activity of HS Secure is the provision of security services to its shareholders, in addition to other organisations, which is in line with the Group’s strategy to align its costs with expected yields on operating segments.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with HS Secure. Under IFRS 11, this joint arrangement is classified as a joint venture and has been included in the annual financial statements using the equity method.

40. 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 disposal is 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 in 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:

	GROUP		COMPANY	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Investment property (excluding straight-line income accrual)	153 864	–	153 864	–
Straight-lining lease asset	22 036	–	22 036	–
Fair value of investment property held for sale	175 900	–	175 900	–



# ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2022

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
<b>Shareholder spread</b>				
1 – 1 000	771	60,95%	63 225	0,02%
1 001 – 10 000	219	17,31%	817 947	0,26%
10 001 – 100 000	115	9,09%	4 374 892	1,41%
100 001 – 1 000 000	121	9,57%	46 237 577	14,88%
Over 1 000 000	39	3,08%	259 332 375	83,43%
<b>Total</b>	<b>1 265</b>	<b>100,00%</b>	<b>310 826 016</b>	<b>100,00%</b>

## Distribution of shareholders

Assurance companies	1	0,08%	15 000	0,00%
Close corporations	20	1,58%	2 659 180	0,86%
Collective investment schemes	4	0,32%	6 094 817	1,96%
Control accounts	1	0,08%	1	0,00%
Custodians	1	0,08%	2 000	0,00%
Foundations and charitable funds	2	0,16%	5 441	0,00%
Investment partnerships	2	0,16%	218 500	0,07%
Private companies	51	4,03%	202 642 526	65,19%
Public companies	1	0,08%	20 000 000	6,43%
Retail shareholders	1 058	83,64%	14 095 499	4,53%
Scrip lending	1	0,08%	22 750	0,01%
Stockbrokers and nominees	3	0,24%	101 641	0,03%
Trusts	120	9,49%	64 968 661	20,90%
<b>Total</b>	<b>1 265</b>	<b>100,00%</b>	<b>310 826 016</b>	<b>100,00%</b>

## Shareholder type

<b>Non-public shareholders</b>	12	0,95%	253 809 249	81,66%
Directors, associates and Prescribed Officers	9	0,71%	98 764 415	31,77%
Beneficial holders > 10%	3	0,24%	155 044 834	49,88%
<b>Public shareholders</b>	1 253	99,05%	57 016 767	18,34%
<b>Total</b>	<b>1 265</b>	<b>100,00%</b>	<b>310 826 016</b>	<b>100,00%</b>

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
<b>Beneficial shareholders with a holding greater than 3% of the issued shares</b>				
Heriot Properties Proprietary Limited			59 631 630	19,18%
Southern Palace Capital Proprietary Limited			53 000 000	17,05%
Heriot Investments Proprietary Limited			42 413 204	13,65%
SA Corporate Real Estate Fund			20 000 000	6,43%
WDB Investment Holdings			14 232 550	4,58%
<b>Total</b>			<b>189 277 384</b>	<b>60,89%</b>
<b>Total number of shareholdings</b>	<b>1 265</b>			
<b>Total number of shares in issue</b>			<b>310 826 016</b>	

## Share price performance

Opening price 1 April 2021	R3,80
Closing price 31 March 2022	R5,50
Closing high for the period	R5,50
Closing low for the period	R3,40
Number of shares in issue	310 826 016
Volume traded during the period	66 399 981
Ratio of volume traded to shares issued	21,36%
Rand value traded during the period	R352 489 077
Price/earnings ratio as at 31 March 2022	9,24
Earnings yield as at 31 March 2022	10,82
Dividend yield as at 31 March 2022	9,09
Market capitalisation as at 31 March 2022	R1 709 543 088

PROPERTY PORTFOLIO

				GROUP						
Name	Location	Property type	Region	Market value as attributed by independent valuer R'000	Rental area/m²	Vacancy %	Weighted average rental/m²	Zoning	Freehold/ leasehold	Approximate age of building years
Shopping centres										
Atteridgeville (Atlyn)	Cnr Phudufu and Khoza Streets, Atteridgeville	Retail	Gauteng	657 700	31 238	0,04	R188	Special – various	Freehold	14
Atteridgeville (Mnandi)	Maude Street, Atteridgeville	Retail	Gauteng	157 000	8 717	0,06	R132	Special – various	Freehold	6
Mamelodi	Cnr Stormvoël and Maphalla Roads, Mamelodi	Retail	Gauteng	895 700	34 670	0,00	R224	Special – various	Freehold	17
Sebokeng	Moshoeshoe Street, Sebokeng Unit 10, Ext 1, Sebokeng	Retail	Gauteng	620 504	34 650	0,82	R172	Special – various	Freehold	13
Heidelberg	Cnr Voortrekker and Jordaan Streets, Heidelberg	Retail	Gauteng	202 900	12 013	4,94	R120	Special – various	Freehold	22
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	Retail	Erongo	223 100	21 179	8,03	R100	Special – various	Freehold	6
Polokwane	Cnr Veldspaat Street and Munnik Avenue	Retail	Polokwane	233 500	12 390	0,20	R212	Special – various	Freehold	13
Atteridgeville (Nkomo)	Cnr Lengau, Thlou, Lepogo and Church Streets	Retail	Gauteng	408 600	19 275	3,43	R149	Special – various	Freehold	3,5
Private day hospital										
Soweto		Medical	Gauteng	18 900	1 380	–	N/A	Special – various	Freehold	5,5
Stands for development										
Sebokeng	Erf 77666 Moshoeshoe Street, Sebokeng		Gauteng	1 896	2 200	N/A	N/A	Special – various	Freehold	
Lynnwood	Cnr Lynnwood Road and Rodericks – Sussex and Rodericks, Lynnwood		Gauteng	32 100	13 133	N/A	N/A	Special – various	Freehold	
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)		Erongo	31 762	8 377	N/A	N/A	Special – various	Freehold	
Residential units for sale										
Swakopmund	Swakopmund, Namibia (cnr Albatros and Tsavorite Streets)	Apartments	Erongo	60 026	N/A	N/A	N/A	Special – various		
Total				3 543 000						

ANNEXURE 1:  
SA REIT DISCLOSURE

SA REIT FUNDS FROM OPERATIONS (“FFO”) PER SHARE

	GROUP	
	12 months ended 31 March 2022 R'000	12 months ended 31 March 2021 R'000
Profit or (loss) for the period	253 735	267 579
Adjusted for:		
Accounting/specific adjustments		
Fair value adjustment to investment property and impairment of properties held for sale	(85 527)	(141 550)
Deferred tax movement recognised in profit or loss	8 487	(5 649)
Straight-lining operating lease adjustment	(9 160)	(16 759)
Transaction costs expensed in accounting for a business combination	–	1 930
Adjustments arising from investment activities		
Gains/losses on disposal of inventory (in relation to gross margin earned)	3 774	301
Foreign exchange and hedging items		
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(23 902)	12 835
SA REIT FFO	147 407	118 687
Number of shares outstanding at the end of the period (excludes Southern Palace “treasury” shares)	257 826 016	257 826 016
SA REIT FFO per share (cents)	57	46

SA REIT COST-TO-INCOME RATIO

	GROUP	
	12 months ended 31 March 2022 R'000	12 months ended 31 March 2021 R'000
Expenses		
Operating expenses per IFRS income statement (including municipal expenses and administrative expenses)	157 790	116 993
Exclude:		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(292)	(250)
Riot-related repairs expenses claimed from insurer	(25 908)	–
Operating costs	131 590	116 743
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	365 478	320 898
Include:		
Riot-related credit notes issued after July 2021 unrest claimed from insurer	10 764	–
Gross rental income	376 242	320 898
SA REIT cost-to-income ratio	35%	36%

SA REIT ADMINISTRATIVE COST-TO-INCOME RATIO

	GROUP	
	12 months ended 31 March 2022 R'000	12 months ended 31 March 2021 R'000
Expenses		
Administrative expenses as per IFRS income statement	31 518	29 651
Administrative costs	31 518	29 651
Rental income		
Contractual rental income and utility and operating recoveries per IFRS income statement (excluding straight-lining)	365 478	320 898
Gross rental income	365 478	320 898
SA REIT administrative cost-to-income ratio	9%	9%

SA REIT GROSS LETTABLE AREA (“GLA”) VACANCY RATE

	GROUP	
	12 months ended 31 March 2022	12 months ended 31 March 2021
GLA of vacant areas	3 282m²	4 238m²
GLA of property portfolio	175 512	175 123
SA REIT GLA vacancy rate	1,87%	2,42%

SA REIT COST OF DEBT

	Three month JIBAR-linked loans	Prime-linked loans	Weighted combined SA REIT cost of debt
Variable interest rate borrowings			
Floating reference rate plus weighted average margin	6,07%	6,02%	6,07%
Fixed interest rate borrowings			
Weighted average fixed rate	–	–	–
Pre-adjusted weighted average cost of debt:	6,07%	6,02%	6,07%
Adjustments:			
Impact of interest rate derivatives	1,27%	2,67%	1,22%
Impact of cross-currency interest rate swaps (no cross-currency swaps)	–	–	–
Amortised transaction costs imputed in the effective interest rate	0,57%	2,54%	0,59%
All-in weighted average cost of debt	7,91%	11,23%	7,88%



ANNEXURE 1: SA REIT DISCLOSURE continued

SA REIT LOAN-TO-VALUE (“LTV”)

	GROUP	
	12 months ended 31 March 2022 R'000	12 months ended 31 March 2021 R'000
Gross debt	1 301 499	1 320 451
Less:		
Cash and cash equivalents (including short-term deposits)	(7 131)	(5 085)
Add:		
Derivative financial instruments	14 076	38 415
Net debt	1 308 444	1 353 781
Total assets – per statement of financial position	3 646 553	3 554 149
Less:		
Cash and cash equivalents (including short-term deposits)	(7 131)	(5 085)
Derivative financial assets	–	–
Trade and other receivables	(66 235)	(62 389)
Carrying amount of property-related assets	3 573 187	3 486 675
SA REIT LTV	37%	39%

SA REIT NET ASSET VALUE (“NAV”) PER SHARE

	GROUP	
	12 months ended 31 March 2022 R'000	12 months ended 31 March 2021 R'000
Reported NAV	2 274 477	2 149 190
Adjusted for:		
Dividend to be declared	(82 504)	(64 457)
Fair value of derivative financial instruments	14 076	38 415
Deferred tax	(2 190)	(10 677)
SA REIT NAV	2 203 859	2 112 471
Ordinary shares in issue*	257 826 016	257 826 016
SA REIT NAV per share (Rand per share)	8,55	8,19

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

SHAREHOLDERS' INFORMATION

# NOTICE OF ANNUAL GENERAL MEETING



## SAFARI INVESTMENTS RSA LIMITED

(Registration number: 2000/015002/06)  
(Share code: SAR | ISIN: ZAE000188280)  
("the Company" or "Safari")

The Safari Board has decided that this year's Annual General Meeting will once again be held virtually. Notice is hereby given that the Annual General Meeting of shareholders of Safari will be held on Wednesday, 17 August 2022 at 14:00 for the purpose of:

- dealing with such business as may lawfully be dealt with at the Annual General Meeting; and
- considering and, if deemed fit, adopting, with or without modification, the ordinary and special resolutions set out hereunder.

## NOTES ON PARTICIPATING IN THE 2022 ANNUAL GENERAL MEETING

### Virtual meeting

In terms of Section 63(2)(a) of the Companies Act 71 of 2008 (the "Companies Act"), as amended, shareholders may participate electronically in a shareholder meeting. In this regard, Safari has appointed The Meeting Specialist Proprietary Limited ("TMS") for the purpose of hosting its Annual General Meeting entirely by way of electronic communication and, in particular, for TMS to provide the Company and its shareholders with access to its electronic communication platform (the "platform") for the purpose of enabling all of the shareholders, who are present at the Annual General Meeting, to communicate concurrently with each other, without an intermediary, and to participate reasonably effectively in the Annual General Meeting and exercise their voting rights at the Annual General Meeting.

Please note that in terms of Section 63(1) of the Companies Act, before any person may attend or participate in the Annual General Meeting: (i) that person must present reasonably satisfactory identification; and (ii) the person presiding at the Annual General Meeting must be reasonably satisfied that the identity of the person to participate in and vote at the Annual General Meeting, either as a shareholder (or shareholder's representative), or as a proxy for a shareholder, has been

reasonably verified. Acceptable forms of identification include a valid identity document, driver's licence or passport. Accordingly, the Company has appointed TMS to verify the identity of any shareholder who wishes to attend the Annual General Meeting and shareholders will only be granted access to the platform once they have been verified by TMS.

Please also note that in order to participate in the Annual General Meeting, shareholders are required to be granted access to the platform by TMS and any shareholder who wishes to participate in the Annual General Meeting must therefore contact TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) or +27 (0) 11 520 7950/1/2 or alternatively register for the meeting at [www.tmsmeetings.co.za](http://www.tmsmeetings.co.za) and is encouraged to do so as soon as possible and before 14:00 on Monday, 15 August 2022 to enable TMS to verify its/his/her identity and thereafter to grant that shareholder access to the platform. Notwithstanding the foregoing, any shareholder who wishes to attend the Annual General Meeting is entitled to contact TMS at any time prior to the conclusion of the Annual General Meeting, in order to be verified and provided with access to the platform by TMS. In order to avoid any delays in being provided with access to the platform by TMS, shareholders are encouraged to contact TMS at their earliest convenience.

Electronic voting will open from the commencement of the meeting, once quorate (thus, at 14:00 on Wednesday, 17 August 2022) and will be closed by the Chairperson during the course of the Annual General Meeting. The results of the voting will be announced at the Annual General Meeting, or as soon as they have been verified by the appointed scrutineers, and will be published on the Stock Exchange News Service ("SENS") and the Company website as soon as possible after the meeting.

We highly recommend that members log in on the virtual platform at least 15 minutes before the meeting starts to ensure that our service provider can assist with any technical issues.

Kindly note further that in terms of Section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder; and
- a proxy need not be a shareholder of the Company but must be a natural person.

Shareholders are advised that the Company's Integrated Annual Report for the year ended 31 March 2022 was dispatched to shareholders on Wednesday, 29 June 2022 and is available on the Company's website.

## RECORD DATES AND VOTING

In terms of Sections 59(1)(a) and (b) of the Companies Act, the Board of the Company has set the following record dates for the purpose of determining which shareholders are entitled to:

- receive notice of the Annual General Meeting (being the date on which a shareholder must be registered in the Company's securities register in order to receive notice of the Annual General Meeting) on Friday, 24 June 2022; and
- participate in and vote at the Annual General Meeting (being the date on which a shareholder must be registered in the Company's securities register in order to participate in and vote at the Annual General Meeting) on Friday, 12 August 2022, with the last day to trade being Monday, 8 August 2022.

## PRESENTATION OF THE AUDITED ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Company and the Group, including the reports of the Directors, Group Audit and Risk Committee and the independent external auditor, for the year ended 31 March 2022, are presented to shareholders as required in terms of Section 30(3)(d) of the Companies Act.

The complete set of the audited annual financial statements, together with the abovementioned reports, are set out on [pages 73 to 129](#) of the Company's 2022 Integrated Annual Report. The Company's 2022 Integrated Annual Report, together with the complete set of audited annual financial statements, are available on the Company's website at <https://www.safari-investments.com/investor-relations>, alternatively, it may be requested and obtained in person, at no charge, from the registered office of the Company during office hours.

The Audit and Risk Committee report is set out on [pages 76 to 78](#) of the Company's 2022 Integrated Annual Report.

## PRESENTATION OF THE GROUP SOCIAL AND ETHICS COMMITTEE REPORT

The report by the Social and Ethics Committee for the year ended 31 March 2022, is included in the 2022 Integrated Annual Report on [page 62](#) and is presented to the shareholders in terms of Regulation 43 of the Companies Regulations 2011.

## ORDINARY BUSINESS

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolutions of the Company:

**Note:** For any of the ordinary resolutions numbered 1 to 10 (inclusive) to be adopted, more than 50% (fifty percent) of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11 to be adopted, at least 75% (seventy-five percent) of the voting rights exercised on such ordinary resolution must be exercised in favour thereof.

### 1. Retirement and re-election of Directors

#### Ordinary resolution number 1

"Resolved that Mr MH Muller, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers himself for re-election, be and is hereby re-elected as a Director."

#### Ordinary resolution number 2

"Resolved that Dr MT Matshoba-Ramuedzisi, who retires by rotation in terms of the Memorandum of Incorporation and, being eligible, offers herself for re-election, be and is hereby re-elected as a Director."

The reason for ordinary resolutions numbers 1 and 2 (inclusive) is that the Memorandum of Incorporation of the Company, the JSE Limited ("JSE") Listings Requirements and, to the extent applicable, the Companies Act, as amended, require that a component of the Non-executive Directors rotate at every Annual General Meeting of the Company and, being eligible, may offer themselves for re-election as Directors. Brief résumés of these Directors appear on [page 42](#) of the 2022 Integrated Annual Report.

### 2. Confirmation of appointment of a Director

#### Ordinary resolution number 3

"Resolved that Mr SB Herring's appointment as a Director, in terms of the Memorandum of Incorporation of the Company, be and is hereby confirmed."

A brief résumé of Mr Herring appears on [page 42](#) of the 2022 Integrated Annual Report.

### 3. Reappointment of the independent external auditor Ordinary resolution number 4

"Resolved that BDO South Africa Incorporated be and is hereby appointed as the auditor of the Company for the ensuing financial year, on the recommendation of the Company's Audit and Risk Committee."

Shareholders are hereby advised that the Safari Board or its Audit and Risk Committee will undertake a detailed review of the cost, performance and scope of the audit function performed by the independent auditor of the Company.

In order to ensure good corporate governance, the Board may independently engage with a number of other service providers to assess the best value proposition that meets Safari's requirements in terms of good corporate governance, sustainability and the empowerment codes.

The reason for ordinary resolution number 4 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or reappointed each year at the Annual General Meeting of the Company as required by the Companies Act.

### 4. Appointment and reappointment of the Audit and Risk Committee members

To elect, by separate resolutions, an Audit and Risk Committee comprising Independent Non-executive Directors, as provided in Section 94(4) of the Companies Act, and appointed in terms of Section 94(2) of that Act to hold office until the next Annual General Meeting to perform the duties and responsibilities stipulated in Section 94(7) of the Companies Act and the King IV Report on Corporate Governance for South Africa 2016™ ("King IV™"), and to perform such other duties and responsibilities as may from time to time be assigned or delegated by the Safari Board, all subsidiary companies and controlled trusts.

NOTICE OF ANNUAL GENERAL MEETING continued

The Safari Board has assessed the performance of the Audit and Risk Committee members standing for re-election and has found them suitable for appointment. Brief résumés of these Directors appear on [pages 42 and 43](#) of the 2022 Integrated Annual Report.

Ordinary resolution number 5

“Resolved that, subject to re-election under ordinary resolution 2, Dr MT Matshoba-Ramuedzisi, being eligible, be and is hereby reappointed as a member and Chairperson of the Audit and Risk Committee of the Company, as recommended by the Safari Board, until the next Annual General Meeting of the Company.”

Ordinary resolution number 6

“Resolved that, subject to re-election under ordinary resolution 1, Mr MH Muller, being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the Company, as recommended by the Safari Board, until the next Annual General Meeting of the Company.”

Ordinary resolution number 7

“Resolved that, Dr PA Pienaar, being eligible, be and is hereby reappointed as a member of the Audit and Risk Committee of the Company, as recommended by the Safari Board, until the next Annual General Meeting of the Company.”

The reason for ordinary resolutions numbers 5 to 7 (inclusive) is that the Company, being a public listed company, must appoint an Audit and Risk Committee and the Companies Act requires that the members of such Audit and Risk Committee be appointed, or reappointed, as the case may be, at each Annual General Meeting of the Company.

5. Place the unissued ordinary shares under the control of the Directors

Ordinary resolution number 8

“It is resolved that, in accordance with the Memorandum of Incorporation, the authorised but unissued ordinary shares in the share capital of the Company be and are hereby placed under the control and authority of the Directors and that the Directors be and are hereby generally

authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the Directors may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the Memorandum of Incorporation and the JSE Listings Requirements, as applicable.”

Shareholders are urged to note that the unissued ordinary stated capital of the Company represents approximately 84% of the entire authorised stated capital of the Company as at the date of the notice of this Annual General Meeting.

Shareholders' attention is also drawn to the fact that, where the issue is for cash pursuant to paragraphs 5.52 and/or 5.53 of the JSE Listings Requirements, this must be approved by a 75% majority, and is accordingly separately proposed for consideration under ordinary resolution number 11.

The reason for ordinary resolution number 8 is that in terms of the Memorandum of Incorporation, the shareholders must authorise that the unissued ordinary shares are placed under the control of the Directors before such shares may be issued by the Company.

6. Non-binding advisory vote on the Company's Remuneration Policy and Implementation Report

Ordinary resolution number 9

“Resolved that the shareholders endorse, by way of a non-binding advisory vote, the Company's Remuneration Policy as set out on [pages 52 to 54](#) of the 2022 Integrated Annual Report.”

The reason for ordinary resolution number 9 is that King IV™ recommends and the JSE Listings Requirements require that the Remuneration Policy of the Company be endorsed through a non-binding advisory vote by shareholders. This enables shareholders to express their views on the Remuneration Policy adopted. The effect of ordinary resolution number 9, if passed, will be to endorse the Company's Remuneration Policy.

Ordinary resolution number 9 is of an advisory nature only and failure to pass this

resolution will therefore not have any legal consequences relating to existing remuneration agreements. The Board will, however, take the outcome of the vote into consideration when considering amendments to the Company's Remuneration Policy.

Ordinary resolution number 10

“Resolved that the Company's Implementation Report with regard to its Remuneration Policy, as set out on [pages 55 to 59](#) of the 2022 Integrated Annual Report, be and is hereby endorsed by way of a non-binding vote.”

The reason for ordinary resolution number 10 is that King IV™ recommends and the JSE Listings Requirements require that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each Annual General Meeting of the Company. This enables shareholders to express their views on the implementation of a company's remuneration policy. The effect of ordinary resolution number 10, if passed, will be to endorse the Company's Implementation Report in relation to its Remuneration Policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. The Board will, however, take the outcome of the vote into consideration when considering amendments to the Company's Remuneration Policy and its implementation.

In the event that 25% or more of shareholders vote against either the Remuneration Policy or the Implementation Report at the meeting, Safari will engage with shareholders through dialogue, requesting written submissions or otherwise, in order to address shareholder concerns. The details of this process will be set out in the announcement of the voting results.

7. General authority to issue authorised but unissued ordinary shares for cash

Ordinary resolution number 11

“Resolved that the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue and grant options to acquire or subscribe for all

or any of the authorised but unissued equity securities in the capital of the Company and/or shares held in treasury for cash on such terms and conditions as the Directors in their discretion deem fit, subject to the Companies Act, the Memorandum of Incorporation and the JSE Listings Requirements, as applicable.”

The JSE Listings Requirements provide that:

- this authority shall be valid until the Company's next Annual General Meeting or for 15 months from the date that this resolution is passed, whichever period is shorter;
- the ordinary shares must be issued to public shareholders as defined in the JSE Listings Requirements and not to related parties; save therefore that related parties may participate in a general issue for cash through a bookbuild process provided that (i) related parties may only participate with a maximum bid price at which they are prepared to take up shares or at book close price. In the event of a maximum bid price and the book closes at a higher price, the relevant related party will be “out of the book” and not be allocated shares; and (ii) equity securities must be allocated equitably “in the book” through the bookbuild process and the measures to be applied must be disclosed in the SENS announcement launching the bookbuild;
- the equity securities which are the subject of the issue for cash must be of a class already in issue or must be limited to such securities or rights that are convertible into a class already in issue;
- the maximum discount at which the ordinary shares may be issued is 10% of the weighted average traded price of the Company's ordinary shares measured over 30 business days prior to the date that the price of the issue is determined or agreed by the Directors and the party subscribing for the securities (the JSE will be consulted for a ruling if the Company's securities have not traded in such 30-business-day period);
- an announcement, giving full details of such issue, will be published on SENS at the time of any issue representing, on a cumulative basis, 5% or more of the number of ordinary shares in issue prior to that issue in terms of the JSE Listings Requirements; and

- the general issues of shares for cash under this authority may equal but not exceed, in the aggregate, 30% of the Company's issued share capital net of treasury shares (comprising 257 826 016 shares) of that class as at the date of this notice of Annual General Meeting, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders or options granted by the share incentive trust in accordance with the JSE Listings Requirements shall not diminish the number of ordinary shares that comprise the 30% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of Annual General Meeting, 30% of the Company's issued ordinary share capital (net of treasury shares) amounts to 77 347 805 ordinary shares.

For listed entities wishing to issue or grant options over shares for cash other than issues by way of rights offers or dividends reinvested for shares, in consideration of acquisitions and/or share incentive schemes (which schemes have been duly approved by the JSE and by the shareholders of the Company), it is necessary for the Board of the Company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the Memorandum of Incorporation of the Company. Accordingly, the reason for ordinary resolution number 11 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the Memorandum of Incorporation.

In order for ordinary resolution number 11 to be adopted, the support of at least 75% (seventy-five percent) of the votes cast by shareholders present or represented by proxy at the Annual General Meeting is required.

Special business

In order for these special resolutions to be adopted, the support of at least 75% (seventy-five percent) of votes cast by shareholders present or represented by proxy at this meeting, is required.

To consider and, if deemed fit, to pass, with or without modification, the following special resolutions of the Company:

8. Approval of Non-executive Directors' remuneration  
Special resolution number 1

“Resolved that in terms of Section 66(9) of the Act, as amended, payment of the remuneration of the Directors of Safari for their services as Directors is hereby approved as follows:

1 April 2022 – 31 March 2024	
<b>Board retainer fee (quarterly)</b>	
Board Chairperson	R47 000
Member	R27 500
<b>Board meeting (per attendance)</b>	
Board Chairperson	R47 000
Member	R27 500
<b>Audit and Risk Committee meeting (per attendance)</b>	
Committee Chairperson	R26 500
Member	R21 000
<b>Nomination and Remuneration Committee meeting (per attendance)</b>	
Committee Chairperson	R16 500
Member	R15 000
<b>Social and Ethics Committee meeting (per attendance)</b>	
Committee Chairperson	R16 500
Member	R10 500
<b>Investment Committee meeting (per attendance)</b>	
Committee Chairperson	R21 000
Member	R16 000
<b>Annual strategy session (per attendance)</b>	
All members	R10 000
<b>Ad hoc committee meeting (per attendance)</b>	
Committee Chairperson	R16 500
Member	R10 500
Ad hoc/hour	R2 500



## NOTICE OF ANNUAL GENERAL MEETING continued

Thereafter, but only until the expiry of a period of 24 (twenty-four) months from the date of the passing of this special resolution number 1 (or until amended by a special resolution of shareholders prior to the expiry of such period), on the same basis as above, escalated as determined by the Safari Board, up to a maximum of 5% per annum per amount set out as aforesaid. The reason and effect of special resolution number 1 is to enable the Company to comply with the provisions of Sections 65(11)(h), 66(8) and 66(9) of the Companies Act, which stipulate that remuneration to Directors for their services as directors may be paid only in accordance with a special resolution approved by shareholders. The role of non-executive directors is under increasing focus of late, with greater accountability and risk attached to the position.

## 9. General authority to repurchase shares

### Special resolution number 2

"Resolved, as a special resolution, that the Company and the subsidiaries of the Company be and are hereby authorised, as a general approval, to repurchase and/or purchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the Directors may from time to time determine, but subject to the provisions of Sections 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company and the JSE Listings Requirements, as applicable."

The foregoing provisions of the JSE Listings Requirements provide, in summary, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next Annual General Meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in

issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;

- a resolution has been passed by the Safari Board approving the repurchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the Company and its subsidiaries;
- the general repurchase is authorised by the Company's Memorandum of Incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the Company's securities have not traded in such five-business-day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf; and
- the Company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements.

### Reason and effect

The reason for and effect of special resolution number 2 is to grant the Directors a general authority in terms of the Companies Act, the Memorandum of Incorporation and the JSE Listings Requirements for the acquisition by the Company or by a subsidiary of the Company of shares issued by the Company.

In terms of Section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of a company. For the

avoidance of doubt, (i) a pro rata repurchase by the Company from its shareholders, and (ii) intra-group repurchases by the Company of its shares from wholly owned subsidiaries, share incentive schemes pursuant to Schedule 14 of the JSE Listings Requirements and/or non-dilutive share incentive schemes controlled by the Company, where such repurchased shares are to be cancelled, do not require Safari shareholder approval under the JSE Listings Requirements, but do require such approval in certain instances under the Companies Act.

### Information relating to the special resolution

The Directors of the Company or its subsidiaries will only utilise the general authority to repurchase shares of the Company to the extent that the Directors, after considering the maximum number of shares to be purchased, are of the opinion that the position of the Group would not be compromised as to the following:

- The Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of Annual General Meeting and for a period of 12 months after the repurchase;
- The consolidated assets of the Group will at the time of the notice of Annual General Meeting and at the time of making such determination, and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
- The ordinary capital and reserves of the Group after the repurchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the Annual General Meeting and after the date of the share repurchase; and
- The working capital available to the Group after the repurchase will be sufficient for the Group's ordinary business purposes for a period of 12 months after the date of the notice of the Annual General Meeting.

## 10. Inter-company financial assistance

### Inter-company financial assistance Special resolution number 3

"Resolved, in terms of Section 45(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Section 45(1) of the Companies Act) that the Board of the Company may deem fit to any company or corporation that is related or inter-related ("related" or "inter-related" will herein have the meaning attributed to it in Section 2 of the Companies Act) to the Company, on the terms and conditions and for amounts that the Board of the Company may determine, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

The reason for and effect of special resolution number 3 is to grant the Directors of the Company the authority, until the next Annual General Meeting of the Company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the Company. This means that the Company is, inter alia, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

### Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company Special resolution number 4

"Resolved, in terms of Section 44(3)(a)(ii) of the Companies Act, as a general approval, that the Board of the Company be and is hereby authorised to approve that the Company provides any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to it in Sections 44(1) and 44(2) of the Companies Act) that the Board of the Company may deem fit to any person, including any financier who provides funding by subscribing for preference shares or other securities in the Company or any company or corporation that is related or inter-related to the Company

("related" or "inter-related" will herein have the meaning attributed to it in Section 2 of the Companies Act), on the terms and conditions and for amounts that the Board of the Company may determine for the purpose of, or in connection with the purchase of or subscription for any option, or any shares or other securities, issued or to be issued by the Company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next Annual General Meeting of the Company."

The reason for and effect of special resolution number 4 is to grant the Directors the authority, until the next Annual General Meeting of the Company, to provide financial assistance to any person in respect of any company or corporation which is related or inter-related to the Company (e.g. its subsidiaries) and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the Company or any related or inter-related company or corporation. This means that the Company is authorised, inter alia, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the Company or its subsidiaries.

A typical example of where the Company may rely on this authority is where a subsidiary raised funds by way of issuing preference shares and the third-party funder requires the Company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares.

The Company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of Sections 44 and 45 of the Companies Act, the Directors of the Company confirm that the Board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the Company,

that immediately after providing any financial assistance as contemplated in special resolutions numbers 3 and 4 above:

- The assets of the Company (fairly valued) will equal or exceed the liabilities of the Company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the Company);
- The Company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months;
- The terms under which any financial assistance is proposed to be provided will be fair and reasonable to the Company; and
- All relevant conditions and restrictions (if any) relating to the granting of financial assistance by the Company as contained in the Company's Memorandum of Incorporation have been met.

## 11. To transact such other business as may be transacted at an Annual General Meeting

### Important notes regarding attendance at the Annual General Meeting General

Shareholders wishing to attend the meeting have to ensure beforehand with the transfer secretaries of the Company that their shares are in fact registered in their name.

### Certificated shareholders and own-name dematerialised shareholders

Shareholders who have not dematerialised their shares or who have dematerialised their shares with own-name registration are entitled to attend and vote at the Annual General Meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. The person appointed need not be a shareholder of the Company.

Proxy forms should be lodged with the transfer secretaries of the Company, being Computershare Investor Services at Rosebank Towers, 15 Biermann Avenue, Rosebank 2196, South Africa, or posted to the transfer secretaries at Private Bag X9000, Saxonwold 2132, South Africa, or by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za)

NOTICE OF ANNUAL GENERAL MEETING continued

to be received by them not later than Monday, 15 August 2022, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the Chairperson of the Annual General Meeting prior to the commencement of the Annual General Meeting, at any time before the appointed proxy exercises any shareholder rights at the Annual General Meeting.

**Dematerialised shareholders other than with own-name registration**  
Dematerialised shareholders, other than own-name dematerialised shareholders, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in the custody agreement entered into between such shareholders and the CSDP or broker:

- to furnish them with their voting instructions; and
- in the event that they wish to attend the meeting, to obtain the necessary authority to do so.

Voting will be by way of a poll and every shareholder of the Company present in person or represented by proxy shall have one vote for every share held in the Company by such shareholder.

ELECTRONIC PARTICIPATION

in the Safari Investments (RSA) Limited virtual Annual General Meeting to be held on Wednesday, 17 August 2022.

1. Shareholders or their proxies who wish to participate in the Annual General Meeting via electronic communication ("participants"), must arrange their relevant letter of representation and submit it to TMS via email to [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za) or alternatively register for the meeting at [www.tmsmeetings.co.za](http://www.tmsmeetings.co.za).
2. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the Annual General Meeting, must provide TMS with their email address and cell number.

3. Each shareholder who has complied with the requirements will be contacted between 15 and 16 August 2022 via email/cell with a unique link to allow them to participate in the virtual Annual General Meeting.
4. The cost of the participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
5. The cut-off time, for administrative purposes, to participate in the Annual General Meeting will be 14:00 on Tuesday, 16 August 2022.
6. The participant's unique access credentials will be forwarded to the email/cell number provided by the participant.

SUMMARY OF SHAREHOLDER RIGHTS

In compliance with the provisions of Section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in Section 58 of the Companies Act, is as follows:

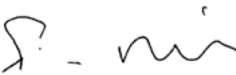
- A shareholder entitled to attend and vote at the Annual General Meeting may, at any time, appoint any individual (or two or more individuals) as a proxy or proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the Company.
- A proxy appointment must be in writing, dated and signed by the shareholder appointing the proxy, and subject to the rights of a shareholder to revoke such appointment (as set out below). It remains valid only until the end of the meeting.
- A proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.
- The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any of his/her rights as shareholder.

The appointment of a proxy is revocable by the shareholder in question cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of: (i) the date stated in the revocation instrument, if any; or (ii) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph, whichever is the later.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to: (a) the shareholder; or (b) the proxy or proxies, if the shareholder has: (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the notes on the proxy form.

By order of the Board



**PWL van Niekerk**  
Group Company Secretary

Pretoria  
22 June 2022

**Registered office**  
410 Lynnwood Road  
Lynnwood  
Pretoria 0081

ELECTRONIC PARTICIPATION

in the Safari Investments (RSA) Limited virtual Annual General Meeting to be held on Wednesday, 17 August 2022

1. Shareholders or their proxies who wish to participate in the Annual General Meeting via electronic communication ("participants"), must deliver the electronic participation registration form below to TMS via email at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za).
2. Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the Annual General Meeting, must provide TMS with the information requested below.
3. Each shareholder, who has complied with the requirements below, will be contacted between 15 and 16 August 2022 via email/cell with a unique link to allow them to participate in the virtual Annual General Meeting.
4. The cost of the participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.
5. The cut-off time, for administrative purposes, to participate in the meeting will be 14:00 on Tuesday, 16 August 2022.
6. The participant's unique access credentials will be forwarded to the email/cell number provided below.

PARTICIPATION REGISTRATION FORM

Name and surname of shareholder	
Name and surname of shareholder representative <i>(If applicable)</i>	
ID number of shareholder or representative	
Email address	
Cell number	
Telephone number	
Name of CSDP or broker <i>(If shares are held in dematerialised format)</i>	
SCA number/broker account number or	
Own-name account number	
Number of shares	
Signature	Date

By signing this form, I agree and consent to the processing of my personal information above for the purpose of participation in the Annual General Meeting.

ELECTRONIC PARTICIPATION continued

TERMS AND CONDITIONS FOR PARTICIPATION AT THE SAFARI INVESTMENTS (RSA) LIMITED VIRTUAL ANNUAL GENERAL MEETING TO BE HELD ON WEDNESDAY, 17 AUGUST 2022

- The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the Annual General Meeting is for the expense of the participant and will be billed separately by the participant’s own telephone/internet service provider.
- The participant acknowledges that the telecommunication lines/webcast/web-streaming and verification and meeting voting and participation services (“the services”) are provided to the Company by a third party and are (among others) dependent on technological and other functionality which cannot be guaranteed and that the participant thus uses such services entirely at its own risk. TMS is contracted solely to Safari, and neither Safari nor TMS provides shareholders any undertaking, warranty, promise or representation, whether expressed or implied, in connection with the services. Each participant using the services accordingly shall not have any claim against either Safari or TMS in connection with the services, and (subject to any non-waivable rights in law) waives any claim which it may otherwise have in this regard.
- Participants will be able to vote during the Annual General Meeting through an electronic participation platform. Such participants, should they wish to have their vote(s) counted at the Annual General Meeting, must act in accordance with the requirements set out above.
- Once the participant has received the link, the onus to safeguard this information remains with the participant.

A participant will only be eligible to participate and/or vote electronically at the meeting if this registration form has been fully completed and signed by the participant, including the required supporting documents, and emailed to TMS at [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za), and such identification and related registration request is satisfactorily verified in accordance with the provisions set out in the section of the notice headed “Notes on participating in the 2022 Annual General Meeting”.

Shareholder name

Signature Date

**Important:** You are required to attach a copy of your identity document/driver’s licence/passport when submitting the application.

FORM OF PROXY



**SAFARI INVESTMENTS RSA LIMITED**  
(Registration number: 2000/015002/06)  
(Share code: SAR | ISIN: ZAE000188280)  
("the Company" or "Safari")

Each share comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy in order for their vote/s to be valid.

This form of proxy is for use by the holders of the Company’s certificated shares (“certificated shareholders”) and/or dematerialised shares held through a Central Securities Depository Participant (“CSDP”) or broker who have selected own-name registration and who cannot attend but wish to be represented at the Annual General Meeting to be conducted entirely by electronic communication on Wednesday, 17 August 2022 at 14:00 or any adjournment, if required. Additional forms of proxy are available at the Company’s registered office.

This form of proxy is not for the use by holders of the Company’s dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary authorisation to do so or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We

(Name in BLOCK LETTERS)

of

(Address)

Being the registered holder/s of (number) ordinary shares in Safari Investments RSA Limited

Hereby appoint of or failing him/her,

the Chairperson of the Annual General Meeting, as my/our proxy(ies) to vote for me/us on my/our behalf at the Annual General Meeting of the Company and at any adjournment thereof.

Please indicate with an “X” in the appropriate spaces how you wish your votes to be cast. Unless this is done, the proxy will vote as he/she thinks fit.

Resolutions	In favour of	Against	Abstain
Ordinary resolutions			
Retirement and re-election of Directors			
1. Mr MH Muller			
2. Dr MT Matshoba-Ramuedzisi			
Confirmation of appointment of a Director			
3. Mr SB Herring			
Reappointment of the independent external auditor			
4. Appointment of the independent external auditor, BDO South Africa Incorporated			



FORM OF PROXY continued

Resolutions	In favour of	Against	Abstain
<b>Appointment and reappointment of the Audit and Risk Committee members</b>			
5. Dr MT Matshoba-Ramuedzisi (as Chairperson of the Committee)			
6. Mr MH Muller			
7. Dr PA Pienaar			
<b>Place unissued ordinary shares under Board control</b>			
8. Place unissued ordinary shares under Board control			
<b>Remuneration Policy and Implementation Report</b>			
9. Non-binding advisory vote on the Company's Remuneration Policy			
10. Non-binding advisory vote on the Company's Implementation Report with regard to its Remuneration Policy			
<b>General authority to issue authorised but unissued ordinary shares for cash</b>			
11. General authority to issue authorised but unissued shares for cash			
<b>Special resolutions</b>			
1. Approval of Non-executive Directors' remuneration			
2. General authority to repurchase shares			
<b>Financial assistance in relation to Section 45 of the Companies Act</b>			
3. Approval to provide financial assistance in terms of Section 45 of the Companies Act			
<b>Financial assistance in relation to Section 44 of the Companies Act</b>			
4. Financial assistance in terms of Section 44 of the Companies Act			

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2022

Signature \_\_\_\_\_

Assisted by (if applicable) \_\_\_\_\_

NOTES TO THE FORM OF PROXY

1. Each of the shares comprises one ordinary share. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy for their vote/s to be valid.

2. This form of proxy is to be completed only by those shareholders who hold shares in certificated form or recorded in the sub-register in electronic form in their "own name".

3. Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the Company) to attend, speak and vote in place of that shareholder at the Annual General Meeting.

4. Shareholders who are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairperson of the Annual General Meeting", but any such deletion must be initialised by the shareholders. The person whose name stands first on this form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the Chairperson shall be deemed to be appointed as the proxy.

5. A shareholder's instructions to the proxy must be indicated by the insertion of an "X" in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the Chairperson, to vote or abstain from voting as deemed fit, and in the case of the Chairperson, to vote in favour of any resolution.

6. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
7. Forms of proxy must be lodged at, posted or emailed to the transfer secretaries, Computershare Investor Services Proprietary Limited (Private Bag X9000, Saxonwold 2132, fax number: +27 (0) 11 688 5238, email: [proxy@computershare.co.za](mailto:proxy@computershare.co.za) or to the Group Company Secretary at [pieter@safari-investments.com](mailto:pieter@safari-investments.com) to be received at least 48 hours prior to the Annual General Meeting.

8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted. In addition to the foregoing, a shareholder may revoke the proxy appointment by:

(i) cancelling it in writing or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered in the required manner.

9. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.
10. The Chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairperson is satisfied as to the manner in which the shareholder concerned wishes to vote.

11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company or waived by the Chairperson of the Annual General Meeting.

12. Any alteration or correction made to this form of proxy must be initialised by the signatory/ies.

13. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

14. The foregoing notes contain a summary of the relevant provisions of Section 58 of the Companies Act.

ABBREVIATIONS

AIDS	Acquired immune deficiency syndrome
BBBEE	Broad-based black economic empowerment
BPR	Best practice recommendations of the SA REIT Association
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CO <sub>2</sub>	Carbon dioxide
Companies Act	Companies Act of South Africa 71 of 2008
COO	Chief Operating Officer
COVID-19	Coronavirus disease 2019, an infectious disease caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
CPI	Consumer Price Index
CSDP	Central Securities Depository Participant
CSI	Corporate social investment
CSP	Conditional Share Plan
ESG	Environmental, social and governance
EXCO	Executive Committee
FFO	Funds from operations
GLA	Gross lettable area
Heriot	Heriot REIT Limited
Heriot Properties	Heriot Properties Proprietary Limited
HIV	Human immunodeficiency virus
IAS	International Accounting Standards
IASB	International Accounting Standards Board
ICR	Interest cover ratio
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IRBA Code	Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors
ISAs	International Standards on Auditing
IT	Information technology
JIBAR	Johannesburg Interbank Average Rate
JSE	JSE Limited
King IV™	King IV Report on Corporate Governance for South Africa, 2016™
KPD	Key performance deliverable
kWh	Kilowatt hour
kWp	Kilowatt "peak"
ℓ	Litre
LTI	Long-term Incentive
LTIP	Long-term Incentive Plan
LTV	Loan-to-value
m <sup>2</sup> CO <sub>2</sub>	Microstructural and optical properties of spinel oxide
mWh	Megawatt hour
MVA	Megavolt-amperes
NGO	Non-governmental organisation
NPO	Non-profit organisation
POPIA	Protection of Information Act 4 of 2013
REIT	Real Estate Investment Trust
SACSC	South African Council of Shopping Centres
SAICA	South African Institute of Chartered Accountants
SAPOA	South African Property Owners Association
SENS	Stock Exchange News Service
SETA	Sector Education and Training Authority
STI	Short-term Incentive
SPV	Special purpose vehicle
TCTC	Total cost to company
TMS	The Meeting Specialist Proprietary Limited
UN SDGs	United Nations Sustainable Development Goals
VAT	Value added tax
VWAP	Volume-weighted average price

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  
+27 (0) 12 365 1889  
 [info@safari-investments.com](mailto:info@safari-investments.com)  
 [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: As above

DIRECTORS OF SAFARI INVESTMENTS RSA LIMITED

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

INDEPENDENT VALUER

Mills Fitchet (Tvl) CC

(Registration number: CK 89/40464/23)  
No 17 Tudor Park, 61 Hillcrest Avenue  
Oerder Park, Randburg 2115  
PO Box 35345, Northcliff 2115

LEGAL ADVISER

Webber Wentzel

90 Rivonia Road  
Sandton  
Johannesburg 2196  
(PO Box 1144, Johannesburg 2000)

SPONSOR

PSG Capital Proprietary Limited

(Registration number: 1951/002280/06)  
1st Floor, Ou Kollege Building, 35 Kerk Street  
Stellenbosch 7599  
PO Box 7403, Stellenbosch 7599

TRANSFER SECRETARIES

Computershare Investor Services  
Proprietary Limited

(Registration number: 2004/003647)  
Rosebank Towers  
15 Biermann Avenue, Rosebank 2196  
Private Bag X9000, Saxonwold 2132



### KEY CONTACTS

If interested in investing with us, or for more information on our investment opportunities, contact:

#### **TALANA SMITH**

Investor relations manager

☎ +27 (0) 12 365 1889

✉ talana@safari-investments.com

Or alternatively

#### **DIRK ENGELBRECHT**

Chief Executive Officer

Safari Investments RSA Limited

☎ +27 (0) 12 365 1889

✉ 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/)**