



## Annual Financial Results Announcement

For the year ended 31 March 2017

**Safari delivers on portfolio growth and quality: Portfolio reaches R2,6 billion in asset value.**

### **SALIENT FEATURES**

- Property portfolio value up 21% to R2,6 billion
- Property revenue up 20% to R205 million
- Earnings per share up 80% to 83 cents
- Net cash distribution of 34 cents per share
- Net asset value per share up 1.8% to 870 cents
- Vacancy rate down to 2%
- Successful opening of Platz am Meer Waterfront development in Swakopmund

### **PORTFOLIO GROWTH**

Safari Investments RSA Ltd ("SAFARI"), the JSE-listed retail focused REIT, reported success in its strategic goals for financial year ended 31 March 2017, optimizing content and quality of its assets and realizing its growth objectives. Its property portfolio has doubled in value from R1,3 billion since listing in 2014 to R2,6 billion today as the company continues to focus on creating dominant nodes through competitive advantage in geographical locations with 99% of the portfolio in the retail sector.

Property revenue year-on-year increased by 20% to R205 million (2016: R170 million) while the portfolio saw a 22% increase in total built area from 153,000m<sup>2</sup> to 186,000m<sup>2</sup>. The cost of occupancy is at 5% while the market average is 6%, proving that SAFARI's average gross rental rate of R135p/m<sup>2</sup> continues to hold sustainable room for escalations. Considering new leases and renewals the marketing team is aiming now with confidence for an average rental of R165p/m<sup>2</sup>. National retailers occupy 89% of the portfolio. Operating cost was managed well at 30% of property revenue.

### **RETAILERS PERFORMANCE**

The year under review was marked by SAFARI's retailers that continued to trade well given the economic challenges faced by businesses and consumers alike. The average trading density of retailers weighted across SAFARI's portfolio was R32,500p/m<sup>2</sup> (2016: R31,700). The positive results of the past 12 months are reflected in the vacancy factor that improved from 4% to only 2% today – much lower than the industry level, and a year on year comparison of trading densities per centre as follows:

<i>Centre</i>	<i>% change</i>	<i>2017</i>	<i>2016</i>
Denlyn (Mamelodi)	4,6%	R43,600 p/m <sup>2</sup>	R41,700 p/m <sup>2</sup>
Victorian (Heidelberg)	13,4%	R42,200 p/m <sup>2</sup>	R37,200 p/m <sup>2</sup>
Atlyn (Atteridgeville)	8,6%	R30,500 p/m <sup>2</sup>	R28,100 p/m <sup>2</sup>
Thabong (Sebokeng)	4,4%	R24,100 p/m <sup>2</sup>	R23,100 p/m <sup>2</sup>
Platz am Meer (Swakopmund) *new		R32,200 p/m <sup>2</sup>	*
Mnandi (Atteridgeville) *new		R18,100 p/m <sup>2</sup>	*

## EXPANSION OF ASSETS

The Platz am Meer Waterfront development opened in September, the first retail centre across border on the coast of Swakopmund in Namibia. This development comprises 29,000m<sup>2</sup> retail including a small boat harbour, and residential component of penthouses and maisonettes to be sold off, in total a 50,000m<sup>2</sup> development and new landmark for Namibia. The prestigious anchors who partnered with SAFARI include Woolworths, Checkers, Dis-Chem and Edgars. Further portfolio expansions include tenant improvements and extensions at Denlyn (800m<sup>2</sup>), Thabong and Mnandi. The number of shops contracted increased by 21% (2016:351 vs 2017:424). Retailers new in the portfolio for the first time include Dis-Chem; News Café; Hi Fi Corporation; Crosstrainer; Footgear; Slater Gym , SBK Gym, and Virgin Active.

## CAPITAL RAISING

The Board approved a private placement share issue at R7.60 subject to shareholder approval, raising R756,6 million in equity. Investors participating include current shareholders Stanlib, Grindrod (Bridge Fund), Safarhold, WDBH Investments and a new investor with whom Safari is proud to be associated, Southern Palace Capital. As a result of the project pipeline which is still in an aggressive growth phase the gearing ratio has been temporarily high but should recover to well within the desired range once the new capital raising process is finalized. The intention is to keep the gearing ratio below 20% in future. The net asset value per share was R8.70 at year end and will be R8.25 on successful completion of the capital transaction. R118,9 million was distributed to shareholders in the year and SAFARI declared its next cash distribution of 34 cents per share for July 2017. The company will aim to maintain 6% growth in distribution.

## **PIPELINE OF INVESTMENTS & IMPROVEMENTS**

With an opportunity rich portfolio SAFARI has valuable project pipeline to extend its growth trajectory. The new 20,500m<sup>2</sup> Nkomo Village in Atteridgeville is under construction and set for completion in the fourth quarter of 2018; while a new 10,000m<sup>2</sup> prime office development on Lynnwood Road in Pretoria is planned for delivery in 2019. A significant extension and further improvements to facilities on land bordering Denlyn centre looks promising.

SAFARI launched a complete fibre network and connectivity infrastructure for the property portfolio, providing high-speed reliable fibre to its retail facilities. High-speed wi-fi on site with access to tenant and retailer information adds significant value to the facilities. The ability to conduct real-time market research will directly impact the services and solutions that can be integrated into the offering to tenants.

### **Commenting on the results for the year ended 31 March 2017, Francois Marais, Chief Executive officer said:**

"We once again delivered on our strategic objectives during the year with a solid financial performance, while investing to grow and improve the quality of our property portfolio. Our property revenue grew 20% to R205 million and we effectively managed our costs, resulting in operating profit growth of 17% to R145 million. Earnings per share were up 80% from last year to 83 cents and we declared a net cash distribution of 34 cents per share. We are enjoying continued support from national retailers at all our shopping centres which are located in traditionally under serviced areas with the potential to unlock long term value. We reported total vacancies of only 2% across our portfolio, half of what they were a year ago. A key highlight of the year was the opening of our first cross-border investment, the Platz am Meer lifestyle centre in Swakopmund, which is already trading beyond our expectations. We are actively working to grow our income generating assets, with the Nkomo Village Centre under construction in Atteridgeville and on track for completion in the fourth quarter of 2018. Looking forward, we are well positioned to extend our positive performance in the year ahead, underpinned by our strong pipeline of development opportunities and hands on asset management of our properties."

*This brief announcement of the 2017 financial results is a summary of the audited consolidated annual financial statements that were published on SENS on 28 June 2017. The information in this press release is obtained from the information published on the website: [www.safari-investments.com](http://www.safari-investments.com) and investments decisions should be based on consideration of the full announcement published on SENS and the website.*