Thibault Investments Proprietary Limited
(Registration number 2021/321647/07)
Annual Financial Statements
for the year ended 30 June 2023

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Property Investment
Directors	S B Herring G W Elliott R L Bloch
Registered office	Suite 1 Ground Floor 3 Melrose Boulevard Melrose Arch Gauteng 2196
Business address	Suite 1 Ground Floor 3 Melrose Boulevard Melrose Arch Gauteng 2196
Postal address	P O Box 752737 Benmore Gauteng 2010
Holding company	Heriot Investments Proprietary Limited incorporated in Republic of South Africa
Bankers	First National Bank
Auditors	BDO South Africa Incorporated
Company registration number	2021/321647/07
Tax reference number	9355504201
Preparer	The annual financial statements were internally compiled by: Janys Ann Finn CA (SA)

Contents

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company 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.

The annual financial statements are prepared in accordance with International Financial Reporting Standards 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 company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors set 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company 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. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2024 and, in light of this review and the current financial position, they are satisfied that the company has or had access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 15 August 2023 and were signed on their behalf by:

Approval of financial statements

S B Herring

G W Elliott

R L Bloch

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Thibault Investments Proprietary Limited for the year ended 30 June 2023.

1. Nature of business

Thibault Investments Proprietary Limited operates in South Africa as a property investment company.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Share capital

The company was formed with a stated capital of 100 shares of no par value. There were no changes in the stated capital of the company during the period under review.

4. Dividends

The board of directors have resolved to retain any surplus profits and not to declare a dividend for the financial year ended 30 June, 2023.

5. Directorate

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

Directors
S B Herring
G W Elliott
R L Bloch

6. Holding company

The company's holding company is Heriot Investments Proprietary Limited which holds 100% (2022: 100%) of the company's equity. Heriot Investments Proprietary Limited is incorporated in South Africa.

7. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

8. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

We draw attention to the fact that at 30 June 2023, the company had accumulated profits of R269,685,470 and that the company's total assets exceed its total liabilities by R269,685,470. Further, even though current liabilities exceed current assets by R65,318,816, Heriot Investments Proprietary Limited will provide financial assistance to ensure any financial obligations can be met.

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	30 June 2023 Unaudited	31 December 2022
Assets			
Non-Current Assets			
Investment property	3	655,164,577	477,863,748
Property, plant and equipment	4	5,894,212	6,321,180
		661,058,789	**484,184,928**
Current Assets			
Property held for resale	5	4,516,419	21,366,264
Amounts owing by related parties	6	-	1,378,157
Trade and other receivables	7	2,207,979	7,990,866
Cash and cash equivalents	8	40,051,106	19,382,922
		46,775,504	**50,118,209**
Total Assets		**707,834,293**	**534,303,137**
Equity and Liabilities			
Equity			
Share capital	9	-	-
Retained income		269,685,470	156,885,117
		269,685,470	**156,885,117**
Liabilities			
Non-Current Liabilities			
Secured borrowings	10	250,000,000	-
Deferred taxation	11	76,054,503	44,211,459
		326,054,503	**44,211,459**
Current Liabilities			
Trade and other payables	12	8,814,702	28,364,382
Amounts owing to related parties	13	103,279,618	101,421,296
Secured borrowings	10	-	203,420,883
		112,094,320	**333,206,561**
Total Liabilities		**438,148,823**	**377,418,020**
Total Equity and Liabilities		**707,834,293**	**534,303,137**

Statement of Profit or Loss and Other Comprehensive Income

Figures in Rand	Note(s)	6 months ended 30 June 2023 Unaudited	31 December 2022
Revenue	14	57,470,171	204,037,150
Cost of sales		(17,767,683)	(108,048,116)
Gross profit		**39,702,488**	**95,989,034**
Other operating income	15	5,166,945	10,274,381
Fair value gains	16	136,377,304	108,490,953
Other operating expenses		(19,397,471)	(50,134,632)
Operating profit	17	**161,849,266**	**164,619,736**
Investment income	18	224,035	158,744
Finance costs	19	(17,429,903)	(34,035,833)
Profit before taxation		**144,643,398**	**130,742,647**
Taxation	20	(31,843,044)	(28,981,498)
Total comprehensive income for the year		**112,800,354**	**101,761,149**

Statement of Changes in Equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 31 December 2021	**-**	**55,123,968**	**55,123,968**
Total comprehensive income for the year	-	101,761,149	101,761,149
Balance at 31 December 2022	**-**	**156,885,116**	**156,885,116**
Total comprehensive income for the year	-	112,800,354	112,800,354
Unaudited Balance at 30 June 2023	**-**	**269,685,470**	**269,685,470**
Note(s)	9		

Statement of Cash Flows

Figures in Rand	Note(s)	6 months ended 30 June 2023 Unaudited	31 December 2022
Cash flows from operating activities			
Cash generated from operations	21	25,796,117	109,191,996
Investment income	18	224,035	158,744
Finance costs	19	(10,751,813)	(22,749,932)
Net cash from operating activities		**15,268,339**	**86,600,808**
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(128,900)	(6,456,730)
Costs of redevelopment of investment property	3	(40,757,739)	(65,227,656)
Cash advanced to related parties	6	-	(2,551,600)
Amounts received from related parties		1,378,157	3,690,000
Net cash from investing activities		**(39,508,482)**	**(70,545,986)**
Cash flows from financing activities			
Repayments of loans from related parties	13	(1,670,790)	(6,515,000)
Amounts advanced by related parties	6	-	16,285,000
Repayments of secured borrowings	10	46,579,117	(8,028,117)
Net cash from financing activities		**44,908,327**	**1,741,883**
Total cash movement for the year		**20,668,184**	**17,796,705**
Cash and cash equivalents at the beginning of the year		19,382,922	1,586,217
Cash and cash equivalents at the end of the year	8	**40,051,106**	**19,382,922**

Accounting Policies

1. Significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Standards Interpretations Committee ("IFRS IC") interpretations issued and effective at the time of preparing these annual financial statements and the Companies Act of South Africa as amended.

These annual financial statements comply with the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the company's functional currency.

1.2 Significant judgements and sources of estimation uncertainty

The preparation of annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Key sources of estimation uncertainty

Fair value estimation

Investment property of the company are either measured at fair value or disclosure is made of their fair values.

The property portfolio is valued externally by a professional valuer on an annual basis using discounted cash flow projections. Cash flow projections are based on estimates of future net rental cash flows, discounted using rates that reflect current market assessments, together with external evidence such as current market rentals for similar properties in the same location.

Additional key sources of estimation uncertainty

Trade receivables

The trade receivables are derived from non payment of rental, with no significant financing component to any outstanding trade receivables, the company applies the simplified approach where loss allowances are measured on a life-time expected credit loss basis. This lifetime expected credit losses are estimated using a provision matrix.

Impairment provisions for trade receivables are based on assumptions about risk of default and expected loss rates. Judgement, based on past history, existing market conditions and forward-looking estimates, is used in making these assumptions at the end of each reporting period.

1.3 Investment property

Investment property is property held to earn rental income for capital appreciation.

The cost of investment property comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Accounting Policies

1.3 Investment property (continued)

After initial recognition, investment property is measured at fair value. Fair values are determined annually by external independent registered valuers on the open market value basis. The valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of both methods to determine fair value.

Gains or losses arising from changes in the fair values of investment property are included in profit or loss for the year in which they arise.

Immediately prior to disposal of investment property, the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss in the period during which it occurs.

When the company begins to redevelop an existing investment property, consideration is given to whether or not the property needs to be reclassified as investment property under development or should remain as investment property, which is measured based at the fair value model.

Tenant installation and lease commission costs are capitalised and amortised over the period of the lease. The carrying value of lease commissions and tenant installations are included with investment properties.

Investment property under development

Investment property under development comprises the cost of the land and development and is stated cost at fair value less its costs to completion. If the fair value of the developments cannot be reliably measured the property will be carried at cost. On completion, investment property under development is transferred to investment property.

All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditure for the development qualifying as acquisition costs, are capitalised.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the asset is substantially ready for its intended use. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to that part of development cost financed out of general groups, the weighted average cost of borrowings.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

1.4 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment, if any.

Depreciation is calculated on the straight-line method, to write off the cost to their residual values over their estimated useful lives.

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

Computer software	3 years
Computer equipment	3 years

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.

Accounting Policies

1.5 Financial instruments

Financial instruments held by the company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the company, as applicable, are as follows:

Financial assets which are equity instruments:
- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:
- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Financial liabilities:
- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 23 Financial instruments and risk management presents the financial instruments held by the company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

Accounting Policies

1.5 Financial instruments (continued)

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The company recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality. Details of the provision matrix is presented in note 7.

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 credit loss allowance (note 17).

Write off policy

The company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item (note).

Accounting Policies

1.5 Financial instruments (continued)

Borrowings and loans from related parties

Classification

Loans from group companies (note 6) and borrowings (note 10) are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings and loans from related parties are recognised when the company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 19.)

Borrowings expose the company to liquidity risk and interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Derecognition

Refer to the derecognition section of the accounting policy for the policies and processes related to derecognition.

Trade and other payables

Classification

Trade and other payables (note 12), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 19).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 23 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" section of the accounting policy for the policies and processes related to derecognition.

Accounting Policies

1.5 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

Derecognition

Financial assets

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The company derecognises financial liabilities when, and only when, the company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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.

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

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Accounting Policies

1.6 Tax (continued)

Tax expenses

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 in equity.

1.7 Property held for resale

Inventories are measured at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the construction and redevelopment 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 is recognised as a reduction to the expense in the period in which the reversal occurs

1.8 Impairment of assets

The company 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 company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:
- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

Accounting Policies

1.8 Impairment of assets (continued)

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.

1.9 Share 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 recognised at par value and classified as 'share capital' in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the company in which they are declared.

1.10 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 25.

1.11 Revenue from contracts with customers

The company recognises revenue from the following major sources:
- Contractual rental income - IFRS 16
- Revenue from cost recoveries - IFRS 15

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

Rental income is recognised and measured in accordance with IFRS 16 leases and cost recoveries in terms of IFRS 15.

Revenue from leases is recognised on a straight line basis.

Revenue from cost recoveries is recognised over time, typically as the costs are incurred, which is when the services are provided.

Accounting Policies

1.12 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.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

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

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12

The amendment adds an additional requirement for transactions which will not give rise to the recognition of a deferred tax asset or liability on initial recognition. Previously, deferred tax would not be recognised on 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 profit or loss. The additional requirement provides that the transaction, at the time of the transaction must not give rise to equal taxable and deductible temporary differences.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2.

IAS 1 was amended to require that only material accounting policy information shall be disclosed in the annual financial statements. The amendment will not result in changes to measurement or recognition of financial statement items, but management will undergo a review of accounting policies to ensure that only material accounting policy information is disclosed.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Definition of accounting estimates: Amendments to IAS 8

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual financial statements that are subject to measurement uncertainty."

The effective date of the amendment is for years beginning on or after 01 January 2023.

The impact of the amendment is not material.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

"Taxation" has been removed from the list of cash flows excluded from the fair value determination of biological assets.

Notes to the Annual Financial Statements

2. New Standards and Interpretations (continued)

The effective date of the company is for years beginning on or after 01 January 2022.

The company expects to adopt the amendment for the first time in the 2023 annual financial statements.

3. Investment property

	2023			2022		
	Valuation	**Accumulated depreciation**	**Carrying value**	**Valuation**	**Accumulated depreciation**	**Carrying value**
Investment property	655,164,577	-	655,164,577	477,863,748	-	477,863,748

Reconciliation of investment property - 2023

	Opening balance	Additions	Straight line lease adjustments	Fair value adjustments	Total
Investment property	477,863,748	40,757,739	165,786	136,377,304	655,164,577

Reconciliation of investment property - 2022

	Opening balance	Additions	Straight line lease adjustments	Fair value adjustments	Total
Investment property	302,760,000	65,227,656	1,385,139	108,490,953	477,863,748

Commercial land and buildings

Erf 9261 Cape Town situated at 1 Thibault Square, Hans Strijdom Ave, Cape Town

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

Pledged as security

Carrying value of assets pledged as security - (refer note 10)

Investment property comprises:		
Property acquired	261,572,018	261,572,018
Transfer to Property held for resale	(50,257,826)	(50,257,826)
Development costs	115,825,143	75,067,404
Fair value reserve	325,950,928	189,573,624
Straight line lease adjustments	2,074,314	1,908,528
Valuation at 30 June 2023 / 31 December 2022	**655,164,577**	**477,863,748**

3. Investment property (continued)

Details of valuation

The property was valued by Peter Parfitt of Quadrant Properties Proprietary Limited, who is a registered valuer in terms of Section 19 of the Property Valuers Professional Act No 47 of 2000.

The property was valued using the discounted cash flow method which values the property by discounting the cash flows of future income streams of income streams of the property, taking into account expected rental and expense growth rates, vacancies and costs not recoverable from tenants.

The discounted cash flow valuations are tested for reasonableness by benchmarking against recent comparable sales activity and available market surveys and comparing the discounted cash flow values to the capitalised cash flow values.

The capitalised cash flow values are calculated by applying appropriate capitalisation rates to the future earnings potential of the property.

The fair value of investment property would be affected by:

- change in expected market rental growth;
- change in expected expense growth;
- occupancy, vacancy and beneficial occupancy periods; and
- change in discount and capitalisation rates.

Inputs applied to the valuation are as follows:
Capitalisation rates - 9.50%
Rental growth - 6.43%
Expense growth - 5.5%
Discount rate - 14.75%

The table below illustrates the sensitivity to key observable inputs in determining the valuation of investment property that was valued utilising the discounted cash flow method.

2023	**Decrease in capitalisation rate (0.50%)**	**Increase in capitalisation rate (-0.50%)**	**Decrease in discount rate (0.50%)**	**Increase in discount rate (-0.50%)**
Thibault Investments Proprietary Limited	18,728,104	(16,900,972)	9,890,699	(9,656,697)

2022	**Decrease in capitalisation rate (0.50%)**	**Increase in capitalisation rate (-0.50%)**	**Decrease in discount rate (0.50%)**	**Increase in discount rate (-0.50%)**
Thibault Investments Proprietary Limited	18,212,803	(16,435,944)	9,597,507	(9,370,813)

If the valuer were to increase both the terminal capitalisation and discount rates by 0.50%, the total valuation would decrease by R45,181,986 (2022: R45,208,288).

If the valuer were to decrease both the terminal capitalisation and discount rates by 0.50%, the total valuation would increase by R57,097,532 (2022: R57,222,720).

Notes to the Annual Financial Statements

4. Property, plant and equipment

	2023			2022		
	Cost or revaluation	**Accumulated depreciation**	**Carrying value**	**Cost or revaluation**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	4,984,092	(539,904)	4,444,188	4,876,393	(135,432)	4,740,961
Office equipment	1,529,438	(170,717)	1,358,721	1,529,438	(43,264)	1,486,174
Computer software	41,561	(22,734)	18,827	41,561	(15,871)	25,690
Computer equipment	118,891	(46,415)	72,476	97,691	(29,336)	68,355
Total	**6,673,982**	**(779,770)**	**5,894,212**	**6,545,083**	**(223,903)**	**6,321,180**

Reconciliation of property, plant and equipment - 2023

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	4,740,961	107,699	(404,472)	4,444,188
Office equipment	1,486,174	-	(127,453)	1,358,721
Computer software	25,690	-	(6,863)	18,827
Computer equipment	68,355	21,201	(17,080)	72,476
	6,321,180	**128,900**	**(555,868)**	**5,894,212**

Reconciliation of property, plant and equipment - 2022

	Opening balance	**Additions**	**Depreciation**	**Total**
Furniture and fixtures	-	4,876,393	(135,432)	4,740,961
Office equipment	-	1,529,438	(43,264)	1,486,174
Computer software	39,530	-	(13,840)	25,690
Computer equipment	40,203	50,899	(22,747)	68,355
	79,733	**6,456,730**	**(215,283)**	**6,321,180**

5. Property held for resale

Inventories - sectional title units for resale	4,516,419	21,366,264
Movement for the year :		
Opening balance	21,366,264	57,486,756
Reclassification of costs to residential	917,838	-
Development costs	-	71,927,624
Cost of sales	(17,767,683)	(108,048,116)
	4,516,419	**21,366,264**

Notes to the Annual Financial Statements

6. Amounts owing by related parties

Related parties

Helderberg Proprietary Limited	-	1,378,157

The loan is interest free and is repayable within 12 months.

Split between non-current and current portions

Current assets	-	1,378,157

Summary of loan movement - amounts owing by related parties		
Total received from related parties in the period	-	(3,690,000)
Total advanced to related parties in the period	-	2,551,600
Other - related party loan - non cash expenses	-	2,516,557
	-	**1,378,157**

7. Trade and other receivables

Financial instruments:		
Trade receivables	996,572	4,628,613
Other receivables	1,023,760	2,611,667
Non-financial instruments:		
Prepayments - insurance	187,647	750,586
Total trade and other receivables	**2,207,979**	**7,990,866**

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the company will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the company only deals with reputable customers with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each customer is analysed individually for creditworthiness before terms and conditions are offered. Customer credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The average credit period on trade receivables is 30 days (2022: 30 days). No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix, which is presented below. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

7. Trade and other receivables (continued)

The company's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

	2023	2023	2022	2022
Expected credit loss rate:	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**	**Estimated gross carrying amount at default**	**Loss allowance (Lifetime expected credit loss)**
Not past due: 0%	996,572	-	4,538,613	-
Less than 30 days past due: 0%	-	-	80,000	-
More than 120 days past due: 0%	-	-	10,000	-
Total	**996,572**	**-**	**4,628,613**	**-**

8. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023	2022
Bank balances	39,269,057	18,609,634
Other cash and cash equivalents	782,049	773,288
	40,051,106	**19,382,922**

Cash is invested with First National Bank Limited, a division of FirstRand Bank Limited. In terms of Moody's ratings the bank is rated as Ba2 and as such, the risk of default is low.

9. Share capital

	2023	2022
Authorised		
100 Ordinary shares of no par value	-	-
Issued		
100 Ordinary shares of no par value each	-	-

10. Secured borrowings

	2023	2022
Held at amortised cost		
First National Bank - a division of FirstRand Bank Limited	250,000,000	203,420,883

Split between non-current and current portions

	2023	2022
Non-current liabilities	250,000,000	-
Current liabilities	-	203,420,883
	250,000,000	**203,420,883**

Secured by a first mortgage bond of R350,000,000 over investment property (refer to note 3).

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

10. Secured borrowings (continued)

The loan facility of R211,000,000 which expired in June 2023 and incurred interest at prime less 1,0%, was refinanced by a 24 month facility of R250,000,000 and is repayable on 30 June 2025. The facility bears interest at prime less 1,5%.

11. Deferred taxation

Deferred tax liability

Deferred tax liability	76,054,503	44,211,459
Deferred tax liability	76,054,503	44,211,459
Comprising:		
Deferred capital gain	70,853,452	41,360,144
Tax losses	(15,226)	(55,278)
Capital allowances	5,216,277	2,906,593
	76,054,503	**44,211,459**

12. Trade and other payables

Financial instruments:		
Interest on secured borrowings	-	1,155,771
Provision for audit fees	370,000	235,000
Sundry accruals	5,676,666	5,503,901
Sundry suppliers	113,425	113,425
Tenants deposits	2,120,010	2,212,010
Leave pay provision	373,095	-
Non-financial instruments:		
Value added taxation	161,506	19,144,275
	8,814,702	**28,364,382**

13. Amounts owing to related parties

Related parties

Heriot Investments Proprietary Limited The loan bears interest at the rate of prime plus 2% and is repayable on demand.	103,279,618	101,421,296

Split between non-current and current portions

Current liabilities	103,279,618	101,421,296

Summary of loan movement advanced from related parties		
Total advanced from related parties in period	-	16,285,000
Total repaid to related parties in period	(1,670,790)	(6,515,000)
Interest - related party loan - non-cash	6,678,090	11,285,901
Other - related party loan - non cash expenses	(3,148,977)	302,830
	1,858,323	**21,358,731**

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

14. Revenue

Revenue from contracts with customers		
Sale of sectional title units	28,721,739	164,500,000
Rental income	28,582,646	38,152,011
Straight line lease income	165,786	1,385,139
	57,470,171	**204,037,150**

15. Other operating income

Management fees received	-	1,370,557
Other recoveries	5,166,945	8,903,824
	5,166,945	**10,274,381**

16. Fair value gain

Fair value gain		
Investment property (refer note 3)	136,377,304	108,490,953

17. Operating profit (loss)

Operating profit for the year is stated after charging (crediting) the following, amongst others:

Auditors' remuneration		
Audit fees	135,000	215,000
Remuneration, other than to employees		
Consulting and professional services	1,341,478	4,824,450
Secretarial services	-	2,830
	1,341,478	**4,827,280**
Employee costs		
Salaries and bonuses	4,716,772	5,145,249
Depreciation and amortisation		
Depreciation of property, plant and equipment	555,868	215,283

18. Investment income

Interest income		
Investments in financial assets:		
Bank and other cash	224,035	158,744

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

19. Finance costs

Related party loans	6,678,090	11,285,901
Secured borrowings	10,623,393	20,041,058
Other interest paid	128,420	2,708,874
Total finance costs	**17,429,903**	**34,035,833**

Summary of finance costs paid

Total finance costs	17,429,903	34,035,833
Interest - related party - loan - non-cash	(6,678,090)	(11,285,901)
	10,751,813	**22,749,932**

20. Taxation

Major components of the tax expense

Deferred

Deferred taxation	31,843,044	28,981,498

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	144,643,398	130,742,647
Tax at the applicable tax rate of 27% (2022: 28%)	39,053,717	36,607,941
Tax effect of adjustments on taxable income		
Non-deductible expense - donation	183,060	164,080
Prepayments	(50,665)	-
Income received in advance	30,625	-
Deferred capital gain - tax rate differential	(7,373,327)	(6,153,061)
Other	(366)	-
Tax rate change	-	(1,637,462)
	31,843,044	**28,981,498**

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

21. Cash generated from operations

Profit before taxation	144,643,398	130,742,647
Adjustments for non-cash items:		
Depreciation	555,868	215,283
Fair value gains	(136,377,304)	(108,490,953)
Straight line lease income	(165,786)	(1,385,139)
Other - related party loan - non cash expenses	(3,148,977)	(2,213,727)
Adjust for items which are presented separately:		
Interest income	(224,035)	(158,744)
Finance costs	17,429,903	34,035,833
Changes in working capital:		
Property held for sale	16,849,845	36,120,492
Trade and other receivables	5,782,887	(4,166,852)
Trade and other payables	(19,549,682)	24,493,156
	25,796,117	**109,191,996**

Notes to the Annual Financial Statements

22. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - 2023

	Opening balance	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Secured borrowings	203,420,883	-	-	46,579,117	250,000,000
Amounts owing to related parties	101,421,296	3,529,112	3,529,112	(1,670,790)	103,279,618
	304,842,179	**3,529,112**	**3,529,112**	**44,908,327**	**353,652,713**
Total liabilities from financing activities	**304,842,179**	**3,529,112**	**3,529,112**	**44,908,327**	**353,652,713**

Reconciliation of liabilities arising from financing activities - 2022

	Opening balance	Other non-cash movements	Total non-cash movements	Cash flows	Closing balance
Secured borrowings	211,449,000	-	-	(8,028,117)	203,420,883
Amounts owing to related parties	80,062,565	11,588,731	11,588,731	9,770,000	101,421,296
	291,511,565	**11,588,731**	**11,588,731**	**1,741,883**	**304,842,179**
Total liabilities from financing activities	**291,511,565**	**11,588,731**	**11,588,731**	**1,741,883**	**304,842,179**

23. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

2023

	Note(s)	Amortised cost	Total
Trade and other receivables	7	2,020,332	2,020,332
Cash and cash equivalents	8	40,051,106	40,051,106
		42,071,438	**42,071,438**

2022

	Note(s)	Amortised cost	Total
Amounts owing by related parties	6	1,378,157	1,378,157
Trade and other receivables	7	7,240,280	7,240,280
Cash and cash equivalents	8	19,382,922	19,382,922
		28,001,359	**28,001,359**

Categories of financial liabilities

2023

	Note(s)	Amortised cost	Total
Trade and other payables	12	8,653,195	8,653,195
Amounts owing to related parties	13	103,279,618	103,279,618
Secured borrowings	10	250,000,000	250,000,000
		361,932,813	**361,932,813**

2022

	Note(s)	Amortised cost	Total
Trade and other payables	12	9,005,107	9,005,107
Amounts owing to related parties	13	101,421,296	101,421,296
Secured borrowings	10	203,420,883	203,420,883
		313,847,286	**313,847,286**

Capital risk management

Capital risk is managed at group level. The group's objective when managing capital is to safeguard the group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders. The group assesses each entity's ability to continue as a going concern and provides letters of support or subordinations to the entities, as and when required.

23. Financial instruments and risk management (continued)

The capital structure and gearing ratio of the company at the reporting date was as follows:

Amounts owing to related parties	13	103,279,618	101,421,296
Secured borrowings	10	250,000,000	203,420,883
Trade and other payables	12	8,814,701	28,364,384
Total borrowings		**362,094,319**	**333,206,563**
Cash and cash equivalents	8	(40,051,106)	(19,382,922)
Net borrowings		**322,043,213**	**313,823,641**
Investment property		655,164,577	477,863,748
Gearing ratio		49 %	66 %

Financial risk management

Overview

The company is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Trade receivables and short-term cash investments are subject to credit risk.

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 company 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 company's exposure to bad debts. Deposits or bank guarantees are also held in most instances to further minimise the company's exposure to bad debts.

The maximum exposure to credit risk is presented in the table below:

		2023			2022		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost / fair value**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost / fair value**
Loans to group companies	6	-	-	-	1,378,157	-	1,378,157
Trade and other receivables	7	2,207,979	-	2,207,979	7,990,866	-	7,990,866
Cash and cash equivalents	8	40,051,106	-	40,051,106	19,382,922	-	19,382,922
		42,259,085	**-**	**42,259,085**	**28,751,945**	**-**	**28,751,945**

Liquidity risk

The company is exposed to liquidity risk, which is the risk that the company will encounter difficulties in meeting its obligations as they become due.

The company's exposure to liquidity risk is low as it has funds available to cover future commitments. The company manages liquidity risks through an ongoing review of future commitments and credit facilities.

Notes to the Annual Financial Statements

23. Financial instruments and risk management (continued)

Cash flow forecasts are prepared and adequate funds available are monitored.

2023

		Less than 1 year	1 to 2 years	Total
Non-current liabilities				
Secured borrowings	10	22,793,044	22,730,768	45,523,812
Current liabilities				
Trade and other payables		8,653,195	-	8,653,195
Amounts owing to related parties	13	103,279,618	-	103,279,618
		134,725,857	**22,730,768**	**157,456,625**

2022

		Less than 1 year	Total
Current liabilities			
Trade and other payables	12	9,005,109	9,005,109
Amounts owing to related parties	13	101,421,296	101,421,296
Secured borrowings	10	203,420,883	203,420,883
Interest on secured borrowings		10,549,278	10,549,278
		324,396,566	**315,920,610**

Interest rate risk

The company's interest rate risk arises from interest bearing liabilities. Financial liabilities issued at variable rates expose the company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the company to fair value interest rate risk. During 2023, the company's financial liabilities at variable rates were denominated in Rand.

An increase/decrease of 1% in the prime interest rate for the 2023 year would have increased/decreased the interest expense by R1,057,243 and R1,057,243 in respect of the externally borrowed debt.

An increase/decrease of 1% in the prime interest rate for the 2022 year would have increased/decreased the interest expense by R2,114,488 and R2,114,488 in respect of the externally borrowed debt.

24. Fair value information

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the company can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Notes to the Annual Financial Statements

24. Fair value information (continued)

Levels of fair value measurements

Level 3

Reconciliation of assets and liabilities measured at level 3

	Note(s)	Opening balance	Additions	Straight line lease adjustments	Fair value adjustments	Closing balance
2023						
Assets						
Investment property	3					
Investment property		477,863,748	40,757,739	165,786	136,377,304	655,164,577
Total		**477,863,748**	**40,757,739**	**165,786**	**136,377,304**	**655,164,577**
2022						
Assets						
Investment property	3					
Investment property		365,860,000	65,051,066	1,385,139	45,567,543	477,863,748
Total		**365,860,000**	**65,051,066**	**1,385,139**	**45,567,543**	**477,863,748**

25. Contingencies

There are no contingent liabilities at year end.

26. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

We draw attention to the fact that at 30 June 2023, the company had accumulated profits of R269,685,470 and that the company's total assets exceed its total liabilities by R269,685,470. Further, even though current liabilities exceed current assets by R65,318,816, Heriot Investments Proprietary Limited will provide financial assistance to ensure any financial obligations can be met.

27. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

Notes to the Annual Financial Statements

Figures in Rand	6 months ended 30 June 2023	31 December 2022

28. Commitments

Investment properties

Contracted for	13,602,012	38,816,252

This contracted expenditure relates to the capital cost of converting floors 15 to 25 from commercial to residential use. For 2022, this expenditure was financed by a 15 month development facility of R178 million from First National Bank, bearing interest at prime less 1%.

29. Related parties

Relationships

Holding company	Heriot Investments Proprietary Limited
Fellow subsidiary of holding company	Helderberg Property Investments Proprietary Limited

Related party balances

Loan accounts - Owing to related parties		
Heriot Investments Proprietary Limited	103,279,618	101,421,296
Interest paid		
Heriot Investments Proprietary Limited	6,678,090	11,285,901

30. Directors' emoluments

Executive

2023

Directors' emoluments	Salary	Total
Fees paid to executive directors		
S B Herring	-	-
G W Elliott	1,156,506	1,156,506
R L Bloch	462,000	462,000
	1,618,506	**1,618,506**

2022

Directors' emoluments	Salary	Bonus	Total
Fees paid to executive directors			
S B Herring	-	-	-
G W Elliott	2,137,783	289,126	2,426,909
R L Bloch	847,000	115,500	962,500
	2,984,783	**404,626**	**3,389,409**