heartwood PROPERTIES

HEARTWOOD PROPERTIES LIMITED
Incorporated in the Republic of South Africa
(Registration number 2017/654253/06)
CTSE Share Code: 4AHWP
ISIN: ZAE400000044
("**Heartwood**") and ("**the Company**")

CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2024

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Heartwood and its subsidiaries ("the group") main business activity is property investment
Directors	LJ Whall J Dumas JH Scher MR Evans AG Utterson B Seeff PR Gent
Registered office	Unit 8 Tonquani House 6 Gardner Williams Avenue Somerset West 7130
Business address	Unit 8 Tonquani House 6 Gardner Williams Avenue Somerset West 7130
Postal address	PO Box 825 Somerset Mall Somerset West 7137
Bankers	Standard Bank of South Africa Limited Nedbank Limited
Auditors	Nolands Inc. Registered Auditors
Company secretary	Kilgetty Statutory Services Proprietary Limited
Company registration number	2017/654253/06
Tax reference number	9627959175
Level of assurance	These consolidated and separate annual financial statements have been audited in compliance with the applicable requirements of the South African Companies Act 71 of 2008.
Preparer	The consolidated and separate annual financial statements were externally compiled by E van der Merwe CA (SA), under the supervision of J Dumas CA (SA), Chief Financial Officer.
Published	30 May 2024
External issuer agent	Valeo Capital Proprietary Limited
CTSE share code	4AHWP
ISIN	ZAE400000044

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The following supplementary information does not form part of the consolidated and separate annual financial statements and is unaudited:

Audit and Risk Committee Report

The audit and risk committee has pleasure in submitting this report, as required by section 94 of the South African Companies Act 71 of 2008 ("**the Act**").

Functions of the audit and risk committee

The audit and risk committee has adopted formal terms of reference, delegated to it by the board of directors ("**the Board**"). The audit and risk committee has discharged its functions in terms of its terms of reference and ascribed to it in terms of the Act as follows:

- Reviewed and monitored key policies and processes;
- Made recommendations to the Board regarding the appointment of the auditor and lead audit partner;
- Verified the independence of the external auditors, Nolands Inc. for 2024 and noted the appointment of Mr Craig Stansfield as audit partner for the subsidiary and consolidation financial audit;
- Approved the audit fees and engagement terms of the external auditors;
- Oversee and review the quality of the effectiveness of the external audit;
- Determined the nature and extent of allowable non-audit services and preapproved the contract terms for the provision of non-audit services by the external auditors, where applicable;
- Reviewed the effectiveness of the chief financial officer and finance function;
- Reviewed financial results and made recommendations to the Board;
- Reviewed financial statements and reports from the external auditors and made recommendations to the Board;
- Took appropriate steps to ensure that the financial statements were prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in the manner required by the Act;
- Reviewed the external audit report on the annual financial statements;
- Reviewed significant financial reporting issues and assessed the appropriateness of accounting policies;
- Evaluated the effectiveness of the risk management framework, controls and governance processes;
- Reviewed material risk exposures;
- Monitored the existence, nature, extent, implementation and effectiveness of the internal control processes and, when appropriate, made recommendations on internal financial controls.

Members of the Audit and Risk Committee and attendance at meetings

The audit and risk committee consists of the non-executive directors listed hereunder and meets at least twice per annum in accordance with the audit and risk committee terms of reference. All members act independently as described in section 269A of the Act. During the year three meetings were held.

Name
PR Gent - Chairman
B Seeff
JH Scher

Internal audit

The audit committee and risk committee has oversight of the Group's financial statements and reporting process, including the system of internal financial control.

Based on the review of the Heartwood Group's system of internal controls and risk management, and considering the information and explanations given by management and discussions with the external auditor on the results of the audit, nothing has come to the attention of the committee that caused it to believe that the Heartwood Group's system of internal controls and risk management were not effective, and that the internal financial controls do not form a sound basis for the preparation of reliable financial statements.

Attendance

The external auditors attended the meeting of the audit and risk committee. Executive directors attended meetings by invitation.

Confidential meetings

Audit and risk committee agendas provide for confidential meetings between the committee members and the external auditors.

Audit and Risk Committee Report

External auditors

In determining the independence of the external auditors, the committee considered the level and types of non-audit services provided as well as other enquiries and representations. All non-assurance services are tabled and pre-approved by the committee prior to the services being rendered. The committee is satisfied that the auditors do not, except as external auditor or in rendering permitted non-audit services, receive any remuneration or other benefits from Heartwood. In addition the committee has satisfied itself that the auditors' independence was not prejudiced by any consultancy, advisory or other work undertaken or as a result of any previous appointment as auditor.

During the current year, there were no non-assurance services performed by the external auditors.

The prospect of mandatory audit firm rotation was not considered by the committee during the current financial year. As required by the Act, the committee has satisfied itself that the Company's external auditor, was independent of the company, as set out in sections 90(2)(c) and 94(8) of the Act and is thereby able to conduct its audit functions without any undue influence from the company. Nolands Inc. has been appointed as external auditors of the Group for 2024, on 12 January 2024, with Mr Craig Stansfield being the audit partner, following the resignation of Mazars as previous external auditors.

The committee was satisfied with the quality of the audit concluded and has nominated, for re-appointment at the annual general meeting, Nolands Inc. as the external auditor of the Company for the financial year ending 28 February 2025 and Mr Craig Stansfield as the designated individual.

Significant areas of judgement

Many areas within the financial statements that requires judgement forms an integral part of the financial statements. The committee has assessed the significance of the assets and liabilities on the statements of financial position and relating items that require significant judgement and the following key matters are highlighted:

<u>Valuation of investment property</u>

The major risk relating to investment property is the valuation of the investment property. Valuation of investment property has been highlighted as an area of critical judgements and estimates in note 1.4 of the annual financial statements. Each property is externally valued once every year by a registered independent valuer.

The committee reviewed the property portfolio prepared by management and discussed the most significant assumptions and agrees with the values calculated by the external valuators.

Expertise and experience of Chief Financial Officer and the finance function

The audit and risk committee performs an annual evaluation of the financial reporting function in the Company. The committee was satisfied that the financial reporting function had appropriate resources, skills, expertise and experience. The committee also confirmed that it is and was satisfied that Ms Koba Dumas, the Company chief financial officer, possesses the appropriate skills, expertise and experience to meet the responsibilities required for that position during her service as such.

Discharge of responsibilities

The audit and risk committee determined that during the financial year under review it had discharged its legal and other responsibilities as governed in the board approved terms of reference.

Audit and Risk Committee Report

Annual report and financial statements

After review of the annual financial statements for the year ended 29 February 2024, the committee is of the opinion that, in all material respects, they comply with the relevant provisions of the Act and IFRS Accounting Standards as issued by the International Accounting Standards Board, and fairly present the results of operations, cash flow and the financial position. On this basis, the committee recommended that the board of directors approve the annual financial statements for the year ended 29 February 2024.

On behalf of the audit and risk committee

PRGent

Peter Gent
Chair: Audit and Risk Committee

Cape Town

30 May 2024

Directors' Responsibilities and Approval

The directors are required in terms of the South African Companies Act 71 of 2008 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 IFRS Accounting Standards as issued by the International Accounting Standards Board. The external auditors are 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 Accounting Standards as issued by the International Accounting Standards Board 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 all employees are 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 consolidated and separate 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 group's cash flow forecast for a period of 12 months after the approval of the consolidated and separate annual financial statements and, in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are 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 auditors and their report is presented on pages 11 to 14.

The consolidated and separate annual financial statements set out on pages 15 to 74, which have been prepared on the going concern basis, were approved the Board and signed on their behalf by:

LJ Whall   **JH Scher**

Cape Town

30 May 2024

Group Secretary’s Certification

Declaration by the company secretary in respect of Section 88(2)(e) of the South African Companies Act 71 of 2008

In terms of Section 88(2)(e) of the Act, we certify that to the best of our knowledge and belief, the Group has lodged with the Companies and Intellectual Property Commission ("**CIPC**") all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

DocuSigned by:

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Kilgetty Statutory Services Proprietary Limited
Company Secretary

Cape Town

30 May 2024

Directors' Report

The directors submit their report on the consolidated and separate annual financial statements of Heartwood Properties Limited and its subsidiaries ("**the Group**") and the Company for the year ended 29 February 2024.

1. Nature of business

Heartwood Properties Limited is an investment entity listed on the Cape Town Stock Exchange Proprietary Limited ("**CTSE**") in the real estate sector and incorporated in South Africa with interests in the property holding industry. The company does not trade, and all of its activities are undertaken through its principal subsidiaries. The Group mainly operates in South Africa, with one investment in the United Kingdom.

There have been no material changes to the nature of the Group's business from the prior year.

2. Review of financial results and activities

The consolidated and separate annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and financial reporting pronouncements and the requirements of the South African Companies Act 71 of 2008. The accounting policies and methods of computation have been applied consistently compared to the prior year.

The group recorded a net profit after tax for the year ended 29 February 2024 of R611,949 (2023: R6,140,257) and the company a net profit after tax of R479 (2023: loss of R52,092).

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

3. Stated capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Control over unissued shares

The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the South African Companies Act 71 of 2008. As this general authority remains valid only until the next Annual General Meeting ("**AGM**"), the shareholders will be asked at that meeting to consider an ordinary resolution placing the said unissued ordinary shares under the control of the directors until the next AGM.

5. Dividends

The Company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends.

The Company declared and paid a dividend of R1,995,444 to its shareholders (2023: R1,991,978).

6. Directorate

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

Director	Office	Designation
LJ Whall	Chief Executive Officer	Executive
J Dumas	Chief Financial Officer	Executive
JH Scher	Chairperson	Non-executive Independent
MR Evans	Director	Non-executive
AG Utterson	Director	Executive
B Seeff	Director	Non-executive Independent
PR Gent	Director	Non-executive Independent

There have been no changes to the directorate for the year under review.

7. Directors' interests in securities of the Company

At the reporting date, the directors of the Company held direct and indirect beneficial interests in 58,09% (2023: 58,25%) of its issued ordinary shares, as set out below.

Interests in shares - indirect

	2024 Number of shares	2023 Number of shares	2024 %	2023 %
Ordinary shares				
LJ Whall	24,599,185	24,599,185	17,88	17,88
AG Utterson	25,438,195	25,649,769	18,48	18,64
B Seeff	18,571,097	18,571,097	13,49	13,49
	68,608,477	**68,820,051**	**49,85**	**50,01**

Interests in shares - direct

	2024 Number of shares	2023 Number of shares	2024 %	2023 %
Ordinary shares				
LJ Whall	28,300	28,300	0,02	0,02
MR Evans	10,596,780	10,596,780	7,70	7,70
J Dumas	267,452	267,452	0,19	0,19
JH Scher	453,898	453,898	0,33	0,33
	11,346,430	**11,346,430**	**8,24**	**8,24**

The register of interests of directors and others in shares of the Company is available to the shareholders on request.

8. Directors' interests in contracts

No contracts were entered into which directors or officers of the Group had an interest and which significantly affected the business of the Group.

9. Interests in subsidiaries

Details of the Company's interests in subsidiaries are presented in the consolidated and separate annual financial statements in note 7.

The Group has sold its 80% shareholding in Erf 733 Woodmead Ext 14 Proprietary Limited to Chirpy Properties Proprietary Limited, effective 16 March 2023, for a total consideration of R7,238,498 (R1,303,005 for the shares and R5,935,493 for the loan account). Refer to note 15 for further details.

10. Interest in joint venture

Details of the Group's interest in its joint venture are presented in the consolidated and separate annual financial statements in note 8.

11. Events after the reporting period

As disclosed in note 36, in the liquidity risk section, the R2 million omnibus guarantee provided for the Group's Standard Bank of South Africa Limited overdraft facility has been increased to R5 million in March 2024. Furthermore, the Standard Bank of South Africa Limited overdraft facility has been increased from R2 million to R4,5 million.

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

12. Going concern

The board has carefully considered the sustainability of the business and has assessed the Group and Company's ability to continue as a going concern. The assessment includes solvency and liquidity tests and the continuous monitoring of debt covenants and cash flow forecasts for the next 12 months. The following uncertainties were also considered:

Access to liquidity

Stressed market conditions may impact debt funders' risk appetite and limit access to liquidity. Lenders are continuously engaged in order to optimise the credit facilities currently in place.

Debt covenants

As at 29 February 2024, no covenants were breached.

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses are impacted by economic challenges. The collection percentage for the financial year was 97%.

Conclusion

It was concluded that the Group and Company are in sound financial positions and have adequate resources and banking facilities to meet its foreseeable cash requirements. As at 29 February 2024 the Group had a positive net asset value and the liquidity position was deemed sufficient. Considering the outcomes of the solvency and liquidity projections, the Group will be solvent and liquid, and the directors are confident in the ability of the Group to continue as a going concern and have no reason to believe that the Group will not be a going concern in the year ahead. The directors have therefore concluded that it is appropriate to adopt the going concern basis in preparing the consolidated and separate annual financial statements.

13. Auditors

Nolands Inc. was appointed as external auditors of the Group for 2024, on 12 January 2024.

14. Company secretary

The company secretary is Kilgetty Statutory Services Proprietary Limited.

15. Date of authorisation for issue of annual financial statements

The consolidated and separate annual financial statements have been authorised for issue by the board on 30 May 2024. No authority was given to anyone to amend the consolidated and separate annual financial statements after the date of issue.

Ground Floor | Sable Corner | 15 Bridgeway Road | Bridgeways Precinct | Century City | 7441 | South Africa
PO Box 2881 | Cape Town | 8000 | South Africa
T (+27) 21 658 6600 | **E** enquiries@nolandscpt.co.za
W www.nolands.global **Offices Nationwide**

Independent Auditor's Report

To the shareholders of Heartwood Properties Limited

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Heartwood Properties Limited and its subsidiaries (the group and company) set out on pages 15 to 71 which comprise the consolidated and separate statements of financial position as at 29 February 2024, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Heartwood Properties Limited and its subsidiaries as at 29 February 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board 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 the Consolidated and Separate Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for 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.

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. This matter was 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 this matter.

The following key audit matter relates to the consolidated and separate financial statements:

Consolidated Financial Statements

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group’s investment properties represent the majority of its consolidated assets and are accounted for using the fair value model.

The valuation of these properties was based on either the discounted cash flow method or alternatively on the comparable sales method.

Management obtained external independent valuations for the investment properties in both the current and prior financial period.

The valuation of investment properties was considered a matter of significance in our audit of the consolidated financial statements of the current year due to the value of the investment properties and the fact that the valuations required significant judgements and estimates to be made by the valuer and management.

Refer to note 3 of the consolidated financial statements for further information on the valuations of the investment properties.</td><td>Our audit procedures performed, included the following:

• We evaluated the competence, independence, and capabilities of management’s external independent valuer with reference to their qualifications and industry experience.

• We assessed the methodologies and assumptions applied in determining the fair values of the investment properties. This included:

➢ We evaluated whether the techniques and assumptions were applied consistently and were in accordance with the requirements of IFRS Accounting Standards and industry practice.

➢ We tested the data inputs utilised in the valuations by agreeing them to lease agreements; agreeing to recent comparable sales data and other supporting documentation.

➢ We challenged and tested the appropriateness of the rental escalations, vacancy rates and expense growth rate assumptions.

➢ We tested the mathematical accuracy of the valuations.

• We evaluated the adequacy of the disclosures in respect of the valuation of investment properties as contained in the consolidated financial statements against the requirements of IFRS Accounting Standards.</td></tr>
</table>

Separate Financial Statements

We have determined that there are no key audit matters in respect of the separate financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Heartwood Properties Limited Consolidated and separate annual financial statements for the year ended 29 February 2024”, 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 IFRS Accounting Standards as issued by the International Accounting Standards Board 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 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 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 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes 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 Nolands Inc. has been the auditor of Heartwood Properties Limited for one year.

Nolands Inc.

Nolands Inc.
Director: Craig Stansfield
Registered Auditor

Cape Town
30 May 2024

Statements of Financial Position as at 29 February 2024

		Group		Company	
	Notes	**2024 R**	**2023 R**	**2024 R**	**2023 R**
Assets					
Non-Current Assets					
Investment property	3	336,819,499	269,373,962	-	-
Property, plant and equipment	4	3,667,907	95,548	-	-
Lease incentive	5	748,924	984,201	-	-
Operating lease asset	6	9,329,352	10,695,527	-	-
Goodwill		19,110	19,110	-	-
Investments in subsidiaries	7	-	-	69,096,206	68,961,976
Investment in joint venture	8	1,863,075	1,441,065	50	50
Loans to subsidiaries	9	-	-	83,382,363	107,028,064
Loan to joint venture	10	3,749,761	3,420,174	3,749,761	3,420,174
Investment at fair value	11	4,847,000	4,413,200	-	-
Deferred tax	12	155,027	-	-	-
		361,199,655	**290,442,787**	**156,228,380**	**179,410,264**
Current Assets					
Operating lease asset	6	1,749,057	1,442,431	-	-
Loans to subsidiaries	9	-	-	13,687,747	900,000
Trade and other receivables	13	8,135,118	8,576,750	-	-
Current tax receivable		35	35	-	-
Cash and cash equivalents	14	220,657	6,123,839	39	150,040
		10,104,867	**16,143,055**	**13,687,786**	**1,050,040**
Non-current assets (disposal groups) held for sale	15	-	35,236,623	-	-
Total Assets		**371,304,522**	**341,822,465**	**169,916,166**	**180,460,304**
Equity					
Equity Attributable to Equity Holders of Parent					
Stated capital	16	86,476,999	86,476,999	86,476,999	86,476,999
Foreign currency translation reserve	17	1,122,787	685,091	-	-
Change in ownership reserve		-	141,047	-	-
Retained income		53,306,995	54,559,825	(3,693,612)	(1,698,647)
		140,906,781	141,862,962	82,783,387	84,778,352
Non-controlling interest	18	-	288,731	-	-
		140,906,781	**142,151,693**	**82,783,387**	**84,778,352**
Liabilities					
Non-Current Liabilities					
Interest-bearing borrowings	19	174,196,957	134,600,042	76,068,702	77,061,453
Long-term employee benefit	20	564,346	680,182	-	-
Loans from subsidiaries	21	-	-	-	17,720,400
Deferred tax	12	27,600,262	28,883,675	-	-
		202,361,565	**164,163,899**	**76,068,702**	**94,781,853**
Current Liabilities					
Interest-bearing borrowings	19	15,589,908	14,623,622	1,395,000	900,000
Long-term employee benefit	20	1,457,632	1,127,085	-	-
Loans from subsidiaries	21	-	-	9,668,422	-
Trade and other payables	22	10,361,913	7,133,116	99	99
Current tax payable		174,875	-	556	-
Bank overdraft	14	451,848	28,902	-	-
		28,036,176	**22,912,725**	**11,064,077**	**900,099**
Liabilities of disposal group	15	-	12,594,148	-	-
Total Liabilities		**230,397,741**	**199,670,772**	**87,132,779**	**95,681,952**
Total Equity and Liabilities		**371,304,522**	**341,822,465**	**169,916,166**	**180,460,304**

Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	**2024 R**	**2023 R**	**2024 R**	**2023 R**
Revenue, excluding straight-lining lease adjustment		30,626,598	29,366,214	10,047,719	7,177,046
Straight-lining lease adjustment		(1,059,549)	1,954,533	-	-
Total revenue	23	**29,567,049**	**31,320,747**	**10,047,719**	**7,177,046**
Other operating income	24	415,390	566,976	-	-
Fair value adjustments	25	4,743,555	6,874,627	-	-
Movement in credit loss allowances	13	28,415	343,912	-	-
Other operating expenses		(21,078,382)	(21,022,281)	(1,010)	(52,575)
Profit before financing and investing activities	26	**13,676,027**	**18,083,981**	**10,046,709**	**7,124,471**
Investment income	27	1,452,755	528,570	1,750	242,123
Finance costs	28	(16,202,408)	(10,554,402)	(10,047,424)	(7,418,686)
Income from equity accounted investment	8	422,010	1,441,015	-	-
(Loss) / profit before taxation		**(651,616)**	**9,499,164**	**1,035**	**(52,092)**
Taxation	29	1,263,565	(3,358,907)	(556)	-
Profit / (loss) for the year		**611,949**	**6,140,257**	**479**	**(52,092)**
Other comprehensive income / (loss):					
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations		437,696	333,968	-	-
Other comprehensive income for the year net of taxation		**437,696**	**333,968**	**-**	**-**
Total comprehensive income / (loss) for the year		**1,049,645**	**6,474,225**	**479**	**(52,092)**
Profit / (loss) attributable to:					
Owners of the parent		601,567	6,159,137	479	(52,092)
Non-controlling interest		10,382	(18,880)	-	-
		611,949	**6,140,257**	**479**	**(52,092)**
Total comprehensive income / (loss) attributable to:					
Owners of the parent		1,039,263	6,493,105	479	(52,092)
Non-controlling interest		10,382	(18,880)	-	-
		1,049,645	**6,474,225**	**479**	**(52,092)**
Earnings per share					
Per share information					
Basic and diluted earnings per share (cents)	30	0,004	0,046	-	-

Statements of Changes in Equity

	Stated capital	Foreign currency translation reserve	Change in ownership reserve	Retained income	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
	R	R	R	R	R	R	R
Group							
Balance at 01 March 2022	**79,911,299**	**351,123**	**141,047**	**50,392,666**	**130,796,135**	**307,611**	**131,103,746**
Profit / (loss) for the year	-	-	-	6,159,137	6,159,137	(18,880)	6,140,257
Other comprehensive income	-	333,968	-	-	333,968	-	333,968
Total comprehensive income / (loss) for the year	**-**	**333,968**	**-**	**6,159,137**	**6,493,105**	**(18,880)**	**6,474,225**
Issue of shares	6,565,700	-	-	-	6,565,700	-	6,565,700
Dividends paid	-	-	-	(1,991,978)	(1,991,978)	-	(1,991,978)
Balance at 01 March 2023	**86,476,999**	**685,091**	**141,047**	**54,559,825**	**141,862,962**	**288,731**	**142,151,693**
(Loss) / profit for the year	-	-	-	601,567	601,567	10,382	611,949
Other comprehensive income	-	437,696	-	-	437,696	-	437,696
Total comprehensive income / (loss) for the year	**-**	**437,696**	**-**	**601,567**	**1,039,263**	**10,382**	**1,049,645**
Change in ownership interest - control lost	-	-	-	-	-	(299,113)	(299,113)
Transfer of reserves	-	-	(141,047)	141,047	-	-	-
Dividends paid	-	-	-	(1,995,444)	(1,995,444)	-	(1,995,444)
Balance at 29 February 2024	**86,476,999**	**1,122,787**	**-**	**53,306,995**	**140,906,781**	**-**	**140,906,781**
Notes	16	17				18	

Statements of Changes in Equity

	Stated capital	Foreign currency translation reserve	Change in ownership reserve	Retained income	Total attributable to equity holders of the Group / Company	Non-controlling interest	Total equity
	R	R	R	R	R	R	R
Company							
Balance at 01 March 2022	**79,911,299**	**-**	**-**	**345,423**	**80,256,722**	**-**	**80,256,722**
Loss for the year	-	-	-	(52,092)	(52,092)	-	(52,092)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**(52,092)**	**(52,092)**	**-**	**(52,092)**
Issue of shares	6,565,700	-	-	-	6,565,700	-	6,565,700
Dividends paid	-	-	-	(1,991,978)	(1,991,978)	-	(1,991,978)
Balance at 01 March 2023	**86,476,999**	**-**	**-**	**(1,698,647)**	**84,778,352**	**-**	**84,778,352**
Profit for the year	-	-	-	479	479	-	479
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**-**	**479**	**479**	**-**	**479**
Dividends paid	-	-	-	(1,995,444)	(1,995,444)	-	(1,995,444)
Balance at 29 February 2024	**86,476,999**	**-**	**-**	**(3,693,612)**	**82,783,387**	**-**	**82,783,387**
Note	16	17					

Statements of Cash Flows

		Group		Company	
	Notes	2024 R	2023 R	2024 R	2023 R
Cash flows from operating activities					
Cash receipts from customers		53,840,259	25,442,488	-	7,419,169
Cash paid to suppliers and employees		(40,454,316)	(20,201,798)	(1,010)	(7,429,335)
Cash generated from / (used in) operations	31	13,385,943	5,240,690	(1,010)	(10,166)
Finance income	27	1,048,047	45,288	10,049,469	5,082,417
Finance costs	28	(16,202,408)	(10,554,402)	(1,618,073)	(916,835)
Dividends paid		(1,995,444)	(1,991,978)	(1,995,444)	(1,991,978)
Net cash (used in) / generated from operating activities		**(3,763,862)**	**(7,260,402)**	**6,434,942**	**2,163,438**
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(739,104)	(42,372)	-	-
Additions to investment property	3	(51,710,215)	(38,843,296)	-	-
Proceeds on sale of investment property	3	9,308,751	8,942,323	-	-
Additional investment in subsidiary	7	-	-	(134,230)	(107,683)
Proceeds on sale of subsidiary	7	1,303,005	-	-	-
Loans to subsidiaries repaid	9	-	-	2,062,576	-
Loans advanced to subsidiaries	9	-	-	(581,362)	(16,227,006)
Loans to joint venture repaid		120,000	6,568,988	120,000	-
Loans advanced to joint venture		-	(6,794,210)	-	(3,200,000)
Net cash (used in) / generated from investing activities		**(41,717,563)**	**(30,168,567)**	**1,466,984**	**(19,534,689)**
Cash flows from financing activities					
Proceeds on share issue	16	-	200,850	-	200,850
Advances from loans from subsidiaries	33	-	-	525,000	19,224,981
Repayment of loans from subsidiaries	33	-	-	(8,576,927)	(1,904,581)
Advances from interest-bearing borrowings	33	47,048,976	58,208,023	-	-
Repayment of interest-bearing borrowings	33	(7,893,679)	(26,453,686)	-	-
Net cash generated from / (used in) financing activities		**39,155,297**	**31,955,187**	**(8,051,927)**	**17,521,250**
Total cash and cash equivalents movement for the year		**(6,326,128)**	**(5,473,782)**	**(150,001)**	**149,999**
Cash and cash equivalents at the beginning of the year		6,094,937	12,211,648	150,040	41
Cash and cash equivalents included in disposal group	15	-	(642,929)	-	-
Total cash and cash equivalents at the end of the year	14	**(231,191)**	**6,094,937**	**39**	**150,040**

1. Accounting policies

The material accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards as issued by the International Accounting Standards Board, the South African Companies Act 71 of 2008, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the listing requirements of the Cape Town Stock Exchange Proprietary Limited ("'CTSE").

The consolidated and separate 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 Group and Company's functional currency.

These accounting policies are consistent with the previous period. In addition, the group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 01 March 2023, as reported in note 2. The amendments require the disclosure of material rather than significant accounting policies and the information disclosed in the policies below have been adjusted accordingly.

1.2 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all its subsidiaries.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity.

When the group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss.

Investments in subsidiaries in the separate annual financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses.

1.3 Joint arrangements

Investments in joint ventures

In the group's consolidated annual financial statements, interests in joint ventures are accounted for using the equity method.

In the company's separate annual financial statements, investments in joint ventures are carried at cost less any accumulated impairment losses.

1.4 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the consolidated and separate annual financial statements, are outlined as follows:

Classification of joint arrangements

The group has joint control over Firgrove Developments Proprietary Limited because the contractual arrangements set out that decisions relating to relevant activities can only be taken by unanimous consent of all parties to the arrangement. The directors have concluded that the arrangement is a joint venture. The conclusion was taken, because the parties have rights to the net assets of Firgrove Developments Proprietary Limited.

1.4 Significant judgements and sources of estimation uncertainty (continued)

Classification of investment property as held for sale

When classifying investment property as held for sale, the Group considers whether the property is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of properties, and whether the sale is "highly probable" as envisaged by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. A proposed sale of a property that is subject to contractual terms and conditions that are not usual and customary for property sale transactions, and that cast significant doubt on the "highly probable" assessment, does not result in held-for-sale classification.

Classification of investment in subsidiary

Management uses judgement to assess whether it has control over an entity. A company has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through using its power over the entity.

Per the sale agreement of the sale of the group's shares in Erf 733 Woodmead Ext. 14 Proprietary Limited, the Group was responsible for the management of the subsidiary until its obligations with Nedbank Limited have been released. As at 28 February 2023, the obligations had not been released and accordingly the group still had control over Erf 733 Woodmead Ext. 14 Proprietary Limited. Accordingly, the investment (at subsidiary level) and investment property (at consolidation level) were classified as non-current assets held for sale as at 28 February 2023. Refer to note 15 for further details on the sale of the investment.

Classification of other investments

The Group classifies its investments as current assets if the expectation is that the investment will be realised in cash (through sale, dividend income etc.) within 12 months after the reporting period.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Fair value estimation

Investment property

Investment property of the group is measured at fair value. Qualified external valuers are consulted to determine the appropriate values. For detail on the assumptions made and inputs used in the determination of the fair value figures refer to note 3.

Investment at fair value

The group measures its investment in Artisan Blythswood Quarter Holdings Limited at fair value. The valuation is determined internally by the directors, in consultation with the development partners involved in the project. Refer to note 11 for details regarding the valuation techniques and inputs.

Expected manner of realisation for deferred tax

Management have reviewed the investment property portfolio of the group in order to determine the appropriate rate at which to measure deferred tax. Investment property is measured at fair value. The manner of recovery of the carrying amount, i.e. through use or sale, affects the determination of the deferred tax assets or liabilities. IFRS Accounting Standards as issued by the International Accounting Standards Board assumes that the carrying amount of investment property is recovered through sale rather than through continued use. Management considered the business model of the portfolio and concluded that the assumption is not rebutted and that the deferred taxation should be measured on the sale basis.

1.5 Property, plant and equipment

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset. Subsequent to initial recognition property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Buildings that are utilised for administrative purposes by employees are classified as owner-occupied property, plant and equipment and are accounted for in accordance with this policy.

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 to 50 years
Furniture and fixtures	Straight line	6 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years
Generators	Straight line	15 years
Solar	Straight line	15 years
Other property, plant and equipment	Straight line	5 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.

Where the residual value of buildings exceeds its cost, no depreciation is recognised.

1.6 Investment property

Investment property are held to earn rental and / or capital appreciation.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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.

Fair value

Subsequent to initial measurement investment property is measured at fair value. If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

1.7 Leases

The Group assesses whether a contract is, or contains a lease, at the inception of the contract.

Group as lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15 Revenue from contracts with customers ("**IFRS 15**").

1.7 Leases (continued)

Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease. Operating lease income is included in revenue (note 23).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

1.8 Lease incentive

Lease incentives paid to tenants are capitalised and amortised over the period of the lease.

1.9 Financial instruments

Recognition and initial measurement

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:
- amortised cost; or
- fair value through profit or loss.

Loans and receivables, trade and other receivables and cash and cash equivalents are measured at amortised cost using the effective interest method.

Financial liabilities

Financial liabilities are subsequently measured at amortised cost.

Note 36 Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

1.9 Financial instruments (continued)

The specific accounting policies for each type of financial instrument held by the group are further presented below:

Financial assets

Business model assessment:

Performance of the business is assessed based on the success in collecting contractual cash flows instead of a focus on profit made on the sale of financial assets. The company's business model is a hold to collect business model.

Subsequent measurement and gains and losses:

Financial assets at fair value through profit or loss

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Trade and other receivables

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 13).

Loans to group companies

Loans to subsidiaries (note 9) and the loan to joint venture (note 10) are classified as financial assets subsequently measured at amortised cost.

Investment at fair value through profit or loss

The investment in Artisan Blythswood Quarter Holdings Limited (note 11) is classified as mandatorily at fair value through profit or loss. This investment does not qualify for classification at amortised cost or at fair value through other comprehensive income, because the contractual terms do not give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Accounting Policies

1.9 Financial instruments (continued)

Borrowings and loans from related parties

Loans from subsidiaries (note 21) and interest-bearing borrowings (note 19) are recognised initially at fair value, net of transaction cost incurred. These financial liabilities are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the liabilities using the effective interest method.

The liablities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 28).

These liabilities expose the group to liquidity risk and interest rate risk. Refer to note 36 for details of risk exposure and management thereof.

Trade and other payables

Trade and other payables (note 22), excluding, when applicable, VAT and amounts received in advance, are classified as financial liabilities and are initially measured at fair value and subsequently at amortised cost. Trade and other payables classified as financial liabilities, comprise normal trade payables, related party trade payables, sundry payables, accrued expenses and deposits received.

Bank overdrafts

Bank overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. The bank overdrafts are short term in nature and considered to be part of the funding of the operating activities of the group.

Derecognition

Financial assets

The group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

1.10 Impairment of assets

Financial assets

The group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost.

The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt instruments that are determined to have low credit risk at the reporting date; and
- loans receivable for which credit risk (i.e. the risk of default) has not increased or changed significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the group’s historical experience and informed credit assessment and including forward-looking information.

The group assumes that the credit risk on a financial asset has increased significantly if payment terms are exceeded (trade receivables) or if contractual payments are not honoured (loan receivables).

The group considers a financial asset to be in default when the tenant/borrower is unlikely to pay its credit obligations to the company in full, without recourse by the group to actions such as realising security (if any is held).

Trade and other receivables

The expected credit loss ("ECL") is recognised through profit or loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

The group recognises a loss allowance for expected credit losses on trade and other receivables, excluding, when applicable, VAT and prepayments. The amount of expected credit losses is updated at each reporting date. The group measures the loss allowance for trade and other receivables at an amount equal to lifetime ECL, which represents the expected credit losses that will result from all possible default events over the expected life of the receivable less the balance covered through the deposit.

The customer base is diverse with significantly different loss patterns for different customer segments. The group bases its credit risk review on the payment history of the individual customers, taking the deposit held into consideration and raises a provision for credit loss when required as presented in note 13.

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 profit or loss as a movement in credit loss allowance (note 26).

Loans receivable

Subsequent to initial recognition the loans are tested for impairment using the general approach. The group measures the loss allowance at an amount equal to lifetime ECL when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

A significant increase in credit risk for a loan with fixed repayment terms occurs when the company's liabilities exceed the fair value of the assets. The loan is considered to be credit impaired when the company has defaulted on the payment as stipulated in the loan agreement, and payment is not received within 30 days of agreed upon payment date.

Cash flow forecasts are prepared on a range of possible scenarios taking into account historical and forward-looking qualitative and quantitative information. The average of these different forecasts are used to determine the ECL for these loans.

1.10 Impairment of assets (continued)

Non-financial assets

At each reporting date, the group reviews the carrying amounts of its non-financial assets (other than investment property) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

1.11 Income tax

Income tax expense comprises of current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the group has not rebutted this presumption.

1.12 Non-current assets (disposal groups) held for sale

Investment property is classified as held for sale if its carrying amount is expected to be recovered primarily through sale rather than through continuing use. Investment property is only classified as held for sale when the investment property is available for immediate sale in its present condition, the company is committed to a plan to sell the investment property, an active plan has been launched to locate a buyer and complete the sale, the investment property is being actively marketed at a sale price that is reasonable in relation to the current fair value of the investment property and the sale is expected to qualify for recognition as a completed sale within one year from the date of classification.

Investment property held for sale is measured at fair value in accordance with the company’s accounting policy for investment property (accounting policy 1.6). The profit or loss on the sale of the investment property is recognised in profit or loss.

Disposal groups, comprising assets and liabilities, are classified as held-for-sale if the carrying values are expected to be recovered primarily through sale rather than through continuing use.

Such disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets or investment property, which continue to be measured in accordance with the group’s other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.

1.13 Stated capital and equity

Ordinary shares are recognised at no par value and classified as 'stated capital' in equity. Dividends are recognised as a liability in the period in which they are declared.

1.14 Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Long-term employee benefits relate to a long term incentive scheme and is expensed as participants meet their annual targets. A liability is recognised for the amount expected to be paid based on the agreed targets and when the obligation can be estimated reliably.

1.15 Revenue

Revenue comprises rental income net of VAT. Rental income from properties is recognised in profit or loss on a straight-line basis over the term of the lease. Contingent rent received during the period is not considered to be material for the group.

Non-performing trade receivables are those exceeding the standard repayment terms. Standard payment terms, per the rental agreements, are on average 7 to 14 days after invoice date. Interest is charged on all late payments and recognised as finance income.

Recoveries for municipal charges, electricity, water and rates and taxes are billed to lessees with the monthly rental invoice on a monthly basis. These recoveries are recognised when these services/goods are utilised by the tenant.

1.16 Finance income and finance costs

The group’s finance income and finance costs include interest income and interest expenses, respectively.

Interest income or expense is recognised using the effective interest method.

Specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, such as properties under development, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All non-qualifying borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.17 Translation of foreign currencies

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statements of financial position presented are translated at the closing rate at the date of that statements of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Scope:	Effective date Years beginning on or after:
• Deferred tax related to assets and liabilities arising from a single transaction - Amendments to IAS 12	The amendment narrows the scope of the exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences. This amendment had no material impact on the Group or Company, as deferred tax was already recognised as such.	01 January 2023
• Disclosure of accounting policies: Amendments to IAS 1 and IFRS Practice Statement 2	Accounting policies to be disclosed where the information is material, by nature or amount. The amendment explains when accounting policy information is considered material and clarifies that the disclosure of an immaterial accounting policy, it must not obscure or affect other material or required disclosures. This amendment did not result in any changes to the accounting policies, but impacted the accounting policy information disclosed in the consolidated and separate annual financial statements. Management reviewed the Group and Company's accounting policies and made updates to the information disclosed in note 1 Material accounting policies (2023: Significant accounting policies).	01 January 2023
• Definition of accounting estimates: Amendments to IAS 8	The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates. These amendments had no material impact on the Group or Company as the principles were already applied.	01 January 2023
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	The amendment clarifies what is meant by a right to defer settlement; that a right to defer must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; and that only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification. This amendment had no material impact on the Group or Company, as there are no current deferred rights on liabilities.	01 January 2023

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group’s accounting periods beginning on or after 01 March 2024 or later periods:

Standard/ Interpretation:	Scope:	Effective date Years beginning on or after:
• IFRS 18 Presentation and Disclosure in Financial Statements	This standard replaces IAS 1. The standard introduces three sets of new requirements to improve companies' reporting of financial performance by defining a structure for the Statement of Profit or Loss, this should give investors a better basis for analysing and comparing companies. The standard will not impact the recognition and measurement of items in the financial statements. The impact of the standard on the consolidated and separate annual financial statements has not been assessed. It is however not expected to materially impact the Group or Company, but changes to the structure of the Statement of Profit or Loss is expected and the relevant disclosures may be updated.	01 January 2027
• Classification of Long-term Debt Affected by Covenants: Amendments to IAS 1	According to the amendments, an entity classifies debt as non-current only if the company can avoid settling the debt within 12 months after the reporting date, it specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date and the amendments require a company to disclose information about these covenants in the notes to the annual financial statements. These amendments are not expected to materially impact the Group or Company, but relevant disclosure may be updated.	01 January 2024

3. Investment property

Group	2024 Fair value R	2023 Fair value R
Investment property	335,997,670	266,777,453
Investment property under development	821,829	2,596,509
Total	**336,819,499**	**269,373,962**

Reconciliation of investment property - Group - 2024

	Opening balance R	Additions R	Interest capitalised R	Transfers R	Fair value adjustments R	Closing balance R
Investment property	266,777,453	39,834	-	64,436,828	4,743,555	335,997,670
Investment property under development	2,596,509	61,024,131	1,638,017	(64,436,828)	-	821,829
	269,373,962	**61,063,965**	**1,638,017**	**-**	**4,743,555**	**336,819,499**

Reconciliation of investment property - Group - 2023

	Opening balance R	Additions R	Included in disposal group R	Classified as held for sale R	Interest capitalised R	Transfers R	Fair value adjustments R	Closing balance R
Investment property	243,903,202	422,922	(14,050,939)	(16,401,359)	-	46,972,744	5,930,883	266,777,453
Investment property under development	811,755	48,092,212	-	-	766,306	(47,073,764)	-	2,596,509
	244,714,957	**48,515,134**	**(14,050,939)**	**(16,401,359)**	**766,306**	**(101,020)**	**5,930,883**	**269,373,962**

Additions - Group	2024 R	2023 R
Cash	51,710,215	38,843,296
Non-cash (Settlements made directly to suppliers)	9,353,750	3,307,038
Non-cash (Land acquired in exchange for shares)	-	6,364,800
	61,063,965	**48,515,134**

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

3. Investment property (continued)

Pledged as security

Carrying value of assets pledged as security:

Unit 1 and 2 - Block A, Willow Wood	73,600,000	67,708,891	-	-
Block B - Willow Wood	16,800,000	17,223,824	-	-
Block C - Willow Wood	23,600,000	24,254,000	-	-
Block D - Willow Wood	18,700,000	18,988,199	-	-
Erf 20774 - Somerset West	49,425,000	48,784,011	-	-
Erf 661, Lanseria Ext 46, Johannesburg, Gauteng*	-	16,401,359	-	-
Erf 643, Lanseria Ext 14, Johannesburg, Gauteng*	-	14,050,938	-	-
Erf 20, Lyme Park Township	38,000,000	37,413,523	-	-
Erf 862 and 863, Firgrove	56,100,000	53,171,311	-	-
Erf 4132, Hagley	71,600,000	-	-	-
	347,825,000	**297,996,056**	**-**	**-**

* This property was classified as held for sale as at 28 February 2023 and has been sold during the current year - refer to note 15 for further details.

Borrowing costs capitalised

Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation	11,59 %	10,75 %		

Fair value of property

The fair value of the property as per the valuations is:

Investment property	336,819,499	269,373,962	-	-
Investment property included in disposal group (note 15)	-	16,146,194	-	-
Investment property classified as held for sale (note 15)	-	18,400,000	-	-
Operating lease asset (note 6)	11,078,409	12,137,958	-	-
Lease incentive (note 5)	748,924	984,201	-	-
	348,646,832	**317,042,315**	**-**	**-**

Details of valuation

The effective date of the valuations was 29 February 2024. Valuations on the full property portfolio were performed by the independent valuer, of Mills Fitchet Valuations Proprietary Limited (company registration number 2015/063277/07), Mr W Hewitt, who is registered with the South African Institute of Valuers. The external valuers are not connected to the group and have recent experience in location and category of the investment property being valued.

The valuation approach used by the independent valuer makes use of a combination of the Income Approach using the Discounted Cash Flow (DCF) method and the Market Approach based on the Comparable Sales (CS) method. In order to corroborate the values obtained as per the above methods the Income Capitalisation (IC) method was also considered.

- Under the DCF method 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 (PV) of the expected net income cash flow. To this figure, an applicable final discounted residual or reversionary value is added. The net income is determined taking into account the gross income, vacancies and lease obligations from which all normalised operating expenses are deducted.

- Under the CS method the value is determined by looking at directly comparable properties recently sold.

- Under the IC method, the net operating income generated by the property is divided by the capitalisation rate.

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

3. Investment property (continued)

Investment property fair value measurement is a level 3 fair value measurement in terms of IFRS 13.94(b).

Key assumptions and unobservable inputs

Office properties

Willow Wood Office Park Blocks A, B, C and D and Erf 20, Lyme Park Township, to the value of R170,7 million (2023: R174,6 million) were valued using the CS method. Comparable property sales from 10 properties (2023: 11 properties) similar to the subject properties' values ranged from R18,839 to R23,030 (2023: R18,839 to R23,708) per square metre and the properties were valued at the upper limit of these values which was deemed by the valuers to be market related.

Commentary on inputs:

The assumptions listed above are significant inputs in the valuation. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in the group profit or loss:

Using a rate per square metre at the lowest range of R18,839 (2023: R18,839) will decrease the fair value by R31,197,205 (2023: R36,377,513).
Using a rate per square metre at 10% above the upper limit of R25,333 (2023: R26,079) will increase the fair value by R16,890,865 (2023: R17,450,575).

Retail warehouse properties

The retail warehouse property (Somerset West Erf 20774) to the value of R49,4 million (2023: R52,1 million) was valued using the DCF method. The key assumptions and unobservable inputs (based on current market conditions) used by the group in determining fair value were as follows:

Discount rate	12,75 %	12,75 %	n/a	n/a
Exit Capitalisation rate	8,75 %	8,75 %	n/a	n/a
Capitalisation rate	8,25 %	8,25 %	n/a	n/a
Rental Growth rate	4,50 %	4,50 %	n/a	n/a
Expenses Growth rate	6 %	6 %	n/a	n/a
Vacancy rate	1,50 %	1,50 %	n/a	n/a

Commentary on inputs:

The assumptions listed above are significant inputs in the valuation. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in the group profit or loss in the current year:

Input	Change	(Decrease) / increase in profit
Increase in discount rate	1% (2023: 1%)	(R2,778,000) (2023: (R4,749,690))
Decrease in discount rate	1% (2023: 1%)	R3,013,000 (2023: R5,878,634)
Increase in vacancy rate	3% (2023: 3%)	(R771,000) (2023: (R1,513,146))
Decrease in vacancy rate	To 0% (2023: To 0%)	R385,000 (2023: R369,451)
Increase in rental growth rate	3% (2023: 3%)	R7,433,000 (2023: R7,683,754)
Decrease in rental growth rate	3% (2023: 3%)	(R5,742,000) (2023: (R6,150,184))
Increase in expense growth rate	3% (2023: 3%)	(R1,220,000) (2023: (R1,090,380))
Decrease in expense growth rate	3% (2023: 3%)	R978,000 (2023: R838,396)

	Group		Company	
	2024	**2023**	**2024**	**2023**
	R	**R**	**R**	**R**

3. Investment property (continued)

Warehouse properties

Warehouse properties located at Erf 862 & 863 Firgrove Industrial Estate - Blue Nova and the developed portion of Erf 4132 Hagley to the value of R111,4 million (2023: R54.6 million, only Blue Nova) were valued using the DCF method. The key assumptions and unobservable inputs (based on current market conditions) used by the group in determining fair value were as follows

Discount rate	13,25 %	13,25 %	n/a	n/a
Exit Capitalisation rate	9,25 %	9,25 %	n/a	n/a
Capitalisation rate	8,75 %	8,75 %	n/a	n/a
Rental Growth rate	4,50 %	4,50 %	n/a	n/a
Expenses Growth rate	6 %	6 %	n/a	n/a
Vacancy rate	1,50 %	1,50 %	n/a	n/a

Commentary on inputs:

The assumptions listed above are significant inputs in the valuation. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in the group profit or loss in the current year:

Input	**Change**	**(Decrease) / increase in profit**
Increase in discount rate	1% (2023: 1%)	(R4,810,406) (2023: (R4,735,343))
Decrease in discount rate	1% (2023: 1%)	R5,189,594 (2023: R5,895,035)
Increase in vacancy rate	3% (2023: 3%)	(R2,141,369) (2023: (R1,259,229))
Decrease in vacancy rate	To 0% (2023: To 0%)	R1,089,594 (2023: R578,268)
Increase in rental growth rate	3% (2023: 3%)	R14,089,594 (2023: R5,382,742)
Decrease in rental growth rate	3% (2023: 3%)	(R11,510,406) (2023: (R4,764,518))
Increase in expense growth rate	3% (2023: 3%)	(R1,410,406) (2023: (R437,945))
Decrease in expense growth rate	3% (2023: 3%)	R1,189,594 (2023: R426,806)

Land

Vacant land representing Phase 2 of the development of Erf 4132 Hagley to the value of R16,3 million (including pumps and tanks) was valued using the CS method. Comparable property sales from 4 properties similar to the subject property's values ranged from R1,651 to R2,417 per square metre and the property was valued at the average of these values of R2,034 per square metre which was deemed by the valuers to be market related.

Commentary on inputs:

The assumptions listed above are significant inputs in the valuation. Changes to one of the unobservable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustment in the group profit or loss:

Using a rate per square metre at the lowest range of R1,651 will decrease the fair value by R3,050,631 (2023: n/a).
Using a rate per square metre at 10% above the upper limit of R2,659 ,will increase the fair value by R3,077,369 (2023: n/a).

Amounts included in profit or loss for the year

Total rental income from investment property	30,726,242	29,529,491	-	-
Direct operating expenses from rental generating property	(9,987,632)	(9,750,656)	-	-
	20,738,610	**19,778,835**	**-**	**-**

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

4. Property, plant and equipment

Group	2024			2023		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
Buildings	2,450,000	-	2,450,000	-	-	-
Furniture and fixtures	101,741	(85,072)	16,669	101,741	(67,451)	34,290
Office equipment	61,690	(51,501)	10,189	52,210	(46,871)	5,339
Computer equipment	75,828	(67,211)	8,617	75,828	(58,594)	17,234
Generators	683,916	(50,542)	633,374	-	-	-
Solar	542,569	(12,749)	529,820	-	-	-
Other property, plant and equipment	98,615	(79,377)	19,238	98,615	(59,930)	38,685
Total	**4,014,359**	**(346,452)**	**3,667,907**	**328,394**	**(232,846)**	**95,548**

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance R	Additions (Cash) R	Additions (Non-cash) R	Depreciation R	Closing balance R
Buildings	-	-	2,450,000	-	2,450,000
Furniture and fixtures	34,290	-	-	(17,621)	16,669
Office equipment	5,339	9,480	-	(4,630)	10,189
Computer equipment	17,234	-	-	(8,617)	8,617
Generators	-	683,916	-	(50,542)	633,374
Solar	-	45,708	496,861	(12,749)	529,820
Other property, plant and equipment	38,685	-	-	(19,447)	19,238
	95,548	**739,104**	**2,946,861**	**(113,606)**	**3,667,907**

Reconciliation of property, plant and equipment - Group - 2023

	Opening balance R	Additions (Cash) R	Depreciation R	Closing balance R
Furniture and fixtures	34,472	16,522	(16,704)	34,290
Office equipment	15,781	-	(10,442)	5,339
Computer equipment	314	25,850	(8,930)	17,234
Other property, plant and equipment	58,133	-	(19,448)	38,685
	108,700	**42,372**	**(55,524)**	**95,548**

Pledged as security

The building and solar system have been provided as security for certain borrowings as detailed in note 19.

Details of property

Unit 8 Tonquani House, Somerset West
The property is utilised as the company's head office.

- Purchase price: March 2023	2,450,000	-	-	-

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

5. Lease incentive

Group	2024			2023		
	Cost R	Accumulated amortisation R	Carrying value R	Cost R	Accumulated amortisation R	Carrying value R
Lease incentive	3,500,000	(2,751,076)	748,924	3,500,000	(2,515,799)	984,201

Reconciliation of lease incentive - Group - 2024

	Opening balance R	Amortisation R	Closing balance R
Lease incentive	984,201	(235,277)	748,924

Reconciliation of lease incentive - Group - 2023

	Opening balance R	Amortisation R	Closing balance R
Lease incentive	1,219,478	(235,277)	984,201

The lease incentive was raised in accordance with IFRS 16 and is amortised over the lease term, being 10 years. The lease incentive relates to an amount paid to the tenant of R3,5 million.

6. Operating lease asset

	Group 2024	Group 2023	Company 2024	Company 2023
Non-current assets	9,329,352	10,695,527	-	-
Current assets	1,749,057	1,442,431	-	-
	11,078,409	**12,137,958**	**-**	**-**

The operating leases for investment property as described in note 3 range from 3 to 10 years with escalation rates between 5% to 8% per annum.

The undiscounted lease payments to be received in future are per the table below:

	Group 2024	Group 2023	Company 2024	Company 2023
Maturity analysis of lease payments receivable				
- Within 1 year	25,380,159	21,980,632	-	-
- Between 2 and 5 years	79,720,912	78,961,564	-	-
- More than 5 years	66,296,107	26,694,943	-	-
	171,397,178	**127,637,139**	**-**	**-**

7. Investments in subsidiaries

The following table lists the entities which are controlled directly by the group, and the carrying amounts of the investments in the company's separate annual financial statements.

Company

Name of company	% holding 2024	% holding 2023	Carrying amount 2024 R	Carrying amount 2023 R
Directly held				
Fargofor Proprietary Limited	100,00 %	100,00 %	29,237,173	29,237,173
Heartwood Logistics 1 Proprietary Limited*	100,00 %	100,00 %	100	100
Heartwood RB Proprietary Limited	100,00 %	100,00 %	-	-
Heartwood Saxdowne Proprietary Limited	100,00 %	100,00 %	-	-
Heartwood Energy Proprietary Limited**	100,00 %	100,00 %	-	-
Heartwood Ventures UK Limited	100,00 %	100,00 %	4,508,245	4,374,015
Nictokaybee Investments Proprietary Limited	100,00 %	100,00 %	352,743	352,743
Utter Velvet Proprietary Limited	100,00 %	100,00 %	5,000,000	5,000,000
Velvet Moon Properties 93 Proprietary Limited	100,00 %	100,00 %	29,997,945	29,997,945
Indirectly held				
Erf 733 Woodmead Ext. 14 Proprietary Limited***	- %	80,00 %	-	-
			69,096,206	**68,961,976**

* The company acquired 100% of the shares in Heartwood Logistics 1 Proprietary Limited during the prior year. Refer to note 16 for detail regarding the acquisition.

** The company holds 100% in Heartwood Energy Proprietary Limited (formerly Heartwood Solar Proprietary Limited), which was incorporated during the prior year. Heartwood Energy Proprietary Limited is currently dormant, but will be used for investment into solar panels and other energy related investments.

*** The group has sold its 80% shareholding in Erf 733 Woodmead Ext 14 Proprietary Limited, effective 16 March 2023, for a total consideration of R7,238,498. Per the sale agreement, the group was responsible for the management of the subsidiary until its obligations with Nedbank Limited have been released. As at 28 February 2023, the obligations were not yet released and accordingly the group still had control over Erf 733 Woodmead Ext. 14 Proprietary Limited at that time. Accordingly, the investment (at subsidiary level) and investment property, Erf 643, Lanseria, (at consolidation level) were classified as non-current assets held for sale as at 28 February 2023 - refer to note 15.

All subsidiaries, except Heartwood UK Ventures Limited, are incorporated in South Africa. Heartwood UK Ventures Limited is incorporated in the United Kingdom. All subsidiaries share the same year end as the company.

The carrying amounts of the investments are shown at cost less accumulated impairment losses. There have been no impairment losses to date.

8. Investment in joint venture

Group

Name of company	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024 R	Carrying amount 2023 R
Firgrove Developments Proprietary Limited	50,00 %	50,00 %	1,863,075	1,441,065

Company

Name of company	% ownership interest 2024	% ownership interest 2023	Carrying amount 2024 R	Carrying amount 2023 R
Firgrove Developments Proprietary Limited	50,00 %	50,00 %	50	50

Firgrove Developments Proprietary Limited is incorporated in South Africa and shares the same year end as the company.

The joint venture is accounted for using the equity method in the consolidated annual financial statements. The principal activities of the joint venture is property holding.

The investment in joint venture is carried at cost less any accumulated impairment losses in the company's separate annual financial statements. There have been no impairment losses to date.

Summarised financial information of joint venture

Summarised Statement of Profit or Loss and Other Comprehensive Income	Firgrove Developments Proprietary Limited 2024 R	Firgrove Developments Proprietary Limited 2023 R
Revenue	3,163,649	1,059,503
Fair value gain	789,996	3,616,331
Operating expenses	(424,497)	(100,453)
Investment income	1,641	2,452
Finance costs	(2,457,035)	(849,723)
Profit before taxation	1,073,754	3,728,110
Tax expense	(229,735)	(846,079)
Profit for the year	844,019	2,882,031
Other comprehensive income	-	-
Total comprehensive income	**844,019**	**2,882,031**

8. Investment in joint venture (continued)

Summarised Statements of Financial Position	Firgrove Developments Proprietary Limited	
	2024 R	2023 R
Assets		
Non-current (Investment property)	26,300,000	24,600,000
Current		
Trade and other receivables	7,881	30,127
Cash and cash equivalents	41,824	87,160
Total current assets	49,705	117,287
Liabilities		
Non-current		
Non-current financial liabilities	20,726,740	20,544,012
Deferred tax	1,075,814	846,079
Total non-current liabilities	21,802,554	21,390,091
Current		
Current financial liabilities	827,367	451,431
Total current liabilities	827,367	451,431
Total net assets	**3,719,784**	**2,875,765**

Reconciliation of carrying value of investment in joint venture

Investment at beginning of the year	1,441,065	-
Acquisitions	-	50
Share of profit	422,010	1,441,015
Investment at end of the year	**1,863,075**	**1,441,065**

Refer to note 10 for the loan receivable from the joint venture.

Heartwood Properties Limited together with another party has provided a limited guarantee of R5,970,000 to Nedbank Limited for the obligations of Firgrove Developments Proprietary Limited.

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

9. Loans to subsidiaries

Fargofor Proprietary Limited The loan bears interest at the South African prime overdraft rate less 0.75% per annum. Interest accrues on a monthly basis. The repayment date of the loan is 28 February 2026. The interest rate at year end was 11% (2023: 10%) per annum.	-	-	33,185,729	29,932,580
Heartwood Logistics 1 Proprietary Limited The loan bears interest at the South African prime overdraft rate plus 1% per annum. Interest accrues on a monthly basis. The interest rate at year end was 12,75% (2023: 11,75%) per annum. The loan has no fixed terms of repayment.	-	-	5,918,661	7,942,745
Heartwood Logistics 1 Proprietary Limited The loan carried interest at the South African prime overdraft rate plus 2% per annum. Interest accrued on a monthly basis. The interest rate at year end was 13,75% (2023: 12,75%) per annum. The loan had no fixed terms of repayment.	-	-	-	6,357,431
Heartwood Logistics 1 Proprietary Limited The loan is unsecured, interest-free and has no fixed terms of repayment.	-	-	6,364,800	6,364,800
Utter Velvet Proprietary Limited The loan bears interest at the South African prime overdraft rate less 0.75% per annum. Interest accrues on a monthly basis. The repayment date of the loan is 28 February 2026. The interest rate at year end was 11% (2023: 10%) per annum.	-	-	23,691,569	21,369,118
Velvet Moon Properties 93 Proprietary Limited The loan bears interest at the South African prime overdraft rate less 0,75% per annum. Interest accrues on a monthly basis. The interest and capital are repaid in monthly instalments with the final payment date on 28 February 2026. The interest rate at year end was 11% (2023: 10%) per annum.	-	-	20,586,404	25,759,754
Velvet Moon Properties 93 Proprietary Limited The loan is unsecured, interest-free and has no fixed terms of repayment.	-	-	7,322,947	10,201,636
	-	**-**	**97,070,110**	**107,928,064**

In the prior year, the non-cash movements on the loans to subsidiaries mainly related to the direct settlement of the Standard Bank bond with the sale of the units in Block D, as well as the settlement of the loan accounts in Heartwood Logistics 1 Proprietary Limited in exchange for the shareholding in Heartwood Properties Limited.

Split between non-current and current portions

Non-current assets	-	-	83,382,363	107,028,064
Current assets	-	-	13,687,747	900,000
	-	**-**	**97,070,110**	**107,928,064**

9. Loans to subsidiaries (continued)

Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available.

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12 month ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is indicated by a significant decreases in the value of the borrower's investment property and changes in the scope of the business or organisational structure that result in a significant change in the borrower’s ability to meet its debt obligations.	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired. Included in this category would be debt where the borrower is in significant financial difficulty, it has become probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of the market in which the borrower operates.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is provided for

Credit loss allowances

All loans to subsidiaries are considered to have *performing* internal credit ratings and the 12 month ECL has been used as the basis for the recognition of allowances. There have been no loss allowances recognised on any loans to subsidiaries. There has been no changes in the rating compared to the prior year.

ECLs are limited to the 12 month ECLs. Credit losses on the outstanding capital and interest are not expected as the value of each entity's underlying assets consist of investment property which would be sufficient to recover the loan balance over time. The expected value changes in the property industry, future cash forecasts and the credit ratings of tenants were all taken into account in this assessment. The value of the property is sufficient to cover the loans as well as other liabilities.

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

10. Loan to joint venture

Firgrove Developments Proprietary Limited The loan bears interest at the South African prime overdraft rate plus 1%, is unsecured and has no fixed terms of repayment. The interest rate at year end was 12,75% (2023: 11,75%) per annum.	3,749,761	3,420,174	3,749,761	3,420,174

Exposure to credit risk

Loans receivable inherently exposes the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

Credit rating framework

For purposes of determining the credit loss allowances, management determine the credit rating grades of each loan at the end of the reporting period. These ratings are determined either externally through ratings agencies or internally where external ratings are not available.

The table below sets out the internal credit rating framework which is applied by management for loans for which external ratings are not available.

Internal credit grade	Description	Basis for recognising expected credit losses
Performing	Low risk of default and no amounts are past due	12 month ECL
Doubtful	Either 30 days past due or there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk is indicated by a significant decreases in the value of the borrower's investment property and changes in the scope of the business or organisational structure that result in a significant change in the borrower's ability to meet its debt obligations.	Lifetime ECL (not credit impaired)
In default	Either 90 days past due or there is evidence that the asset is credit impaired. Included in this category would be debt where the borrower is in significant financial difficulty, it has become probable that the borrower will enter bankruptcy or other financial reorganisation, the disappearance of the market in which the borrower operates.	Lifetime ECL (credit impaired)
Write-off	There is evidence indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.	Amount is provided for

Credit loss allowances

The loan to joint venture is considered to have a *performing* internal credit rating and the 12 month ECL has been used as the basis for the recognition of allowances. There have been no loss allowances recognised on the loan. There has been no changes in the rating compared to the prior year.

ECLs are limited to the 12 month ECLs. Credit losses on the outstanding capital and interest are not expected as the value of the joint venture's underlying assets consist of investment property which would be sufficient to recover the loan balance over time. The expected value changes in the property industry, future cash forecasts and the credit ratings of tenants were all taken into account in this assessment. The value of the property is sufficient to cover the loan as well as other liabilities.

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

11. Investment at fair value

The investment held by the group which is measured at fair value, is as follows:

Mandatorily at fair value through profit or loss:				
Investment - Artisan Blythswood Quarter Holdings Limited	4,847,000	4,413,200	-	-

An investment of £200 000 was made in October 2019 for a minority share in a property development project based in the United Kingdom. The transaction was facilitated through the UK based subsidiary, Heartwood Ventures UK Limited, which is owned by Heartwood Properties Limited.

Fair value information

No fair value adjustment was recognised in the current year (2023: a fair value gain of R180,398 was recognised).

The investment is categorised as a level 3 financial asset based on the fair value hierarchy in terms of IFRS 13, for fair value measurement purposes.

The investment represents an effective shareholding of 2,83% (2023: 4,76%) in a proposed development project based in Glasgow, Scotland. The initial value was based on the transaction price paid.

Despite successfully obtaining the required planning consents in order to proceed with the initial development strategy, the COVID-19 pandemic had a substantial negative impact upon the originally anticipated exit of the project.

A new strategy for the development was launched at the end of 2022, which comprises of student housing development. Planning permissions for the revised strategy was obtained in early 2024 and demolition works are currently underway.

As at 29 February 2024, the investment was valued by using the fair net asset value of the subsidiary (taking into account an independent property valuation of the property) and multiplying it by the percentage shares (2,83%) held in the project. Should the property valuation increase by 10%, there would be an increase in fair value of R814,291. Should the property valuation decrease by 10%, the fair value would decrease by R814,291.

During the prior year, the valuation was done by taking future cash flows and discounting it back to the relevant period at a 20% discount rate, largely driven by the planning permissions which were not obtained at that stage. In the prior year, should the discount rate have increased by 5%, there would have been a decrease in the fair value of the investment of R311,465. Should the discount rate have decreased by 5%, there would have been an increase in the fair value of the investment of R432,895.

Reconciliation of investment at fair value

Opening balance	4,413,200	3,977,750	-	-
Fair value adjusment	-	180,398	-	-
Foreign currency translation	433,800	255,052	-	-
Closing balance	**4,847,000**	**4,413,200**	**-**	**-**

12. Deferred tax

Deferred tax liability

Investment property at fair value	(30,626,576)	(29,374,853)	-	-
Operating lease asset	(2,991,169)	(3,958,248)	-	-
Total deferred tax liability	**(33,617,745)**	**(33,333,101)**	**-**	**-**

	Group		Company	
	2024 **R**	**2023** **R**	**2024** **R**	**2023** **R**

12. Deferred tax (continued)

Deferred tax asset

Provisions - Leave pay and employee incentive	696,177	576,542	-	-
Amounts received in advance	391,531	583,611	-	-
Loss allowances	27,455	28,471	-	-
Deferred tax balance from temporary differences other than unused tax losses	1,115,163	1,188,624	-	-
Tax losses available for set off against future taxable income	5,057,347	3,260,802	-	-
Total deferred tax asset	**6,172,510**	**4,449,426**	**-**	**-**

The deferred tax assets and the deferred tax liabilities relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Total deferred tax liability	(33,617,745)	(33,333,101)	-	-
Total deferred tax asset	6,172,510	4,449,426	-	-
Total net deferred tax liability	**(27,445,235)**	**(28,883,675)**	**-**	**-**

Reconciliation of total net deferred tax liability

At beginning of the year	(28,883,675)	(26,181,742)	-	-
Increase / (decrease) in tax losses available for set off against future taxable income	1,796,545	(503,511)	-	-
Temporary difference movement on investment property at fair value	(1,251,723)	(2,752,900)	-	-
Temporary difference movement on operating lease asset	967,079	(547,269)	-	-
Temporary difference movement on provisions	119,635	(25,860)	-	-
Temporary difference movement on amounts received in advance	(192,080)	475,379	-	-
Temporary difference movement on loss allowances	(1,016)	(4,750)	-	-
Included in disposal group (note 15)	-	656,978	-	-
	(27,445,235)	**(28,883,675)**	**-**	**-**

Recognition of deferred tax asset

Management looked at projected cash flows, and based on their best estimates they feel future taxable income will be generated to utilise the deferred tax asset recognised on the tax losses.

Total net deferred tax liability

Companies in a net deferred tax liability position	(27,600,262)	(28,883,675)	-	-
Companies in a net deferred tax asset position	155,027	-	-	-
	(27,445,235)	**(28,883,675)**	**-**	**-**

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment property is determined by the expected manner of recovery. Where the expected recovery of the investment property is through sale the capital gains tax rate of 21,6% (2023: 22,4%) is used (Investment property). If the expected manner of recovery is through indefinite use the normal tax rate of 27% (2023: 28%) is applied (Property, plant and equipment).

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

13. Trade and other receivables

Financial instruments:				
Trade receivables	1,721,532	2,072,629	-	-
Loss allowance	(240,612)	(269,027)	-	-
Trade receivables at amortised cost	1,480,920	1,803,602	-	-
Deposits	1,657,348	711,300	-	-
Other receivables	223,458	74,727	-	-
Non-financial instruments:				
Prepayments	152,552	-	-	-
VAT	4,620,840	5,987,121	-	-
Total trade and other receivables	**8,135,118**	**8,576,750**	**-**	**-**

Exposure to credit risk

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

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

Refer to note 36 Financial instruments and financial risk management for details of credit risk management for trade and other receivables.

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade receivables:

Opening balance	**(269,027)**	**(612,939)**	**-**	**-**
Provision decreased on existing trade receivables	28,415	343,912	-	-
Closing balance	**(240,612)**	**(269,027)**	**-**	**-**

14. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	220,657	6,123,839	39	150,040
Bank overdraft	(451,848)	(28,902)	-	-
	(231,191)	**6,094,937**	**39**	**150,040**
Current assets	220,657	6,123,839	39	150,040
Current liabilities	(451,848)	(28,902)	-	-
	(231,191)	**6,094,937**	**39**	**150,040**

Credit quality of cash at bank and short-term deposits, excluding cash on hand

The credit quality of cash at bank and short-term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
Standard Bank of South Africa Limited (BB-)	220,657	6,123,839	39	150,040

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

15. Non-current assets (disposal groups) held for sale

Non-current assets held for sale

Effective 22 March 2023, the property situated at Erf 661, Lanseria, has been sold for a total purchase consideration of R18,400,000. Based on the terms of the sale agreement, the property was classified as held for sale as at 28 February 2023.

During the prior year, the Group sold unit 305-308 of Block D for R18,500,000. The cost relating to this unit was calculated at R11,659,309. The effective date of sale was 21 June 2022.

Disposal group

The group has sold its 80% shareholding in Erf 733 Woodmead Ext 14 Proprietary Limited, effective 16 March 2023, for a total consideration of R7,238,498. Per the sale agreement, the group was responsible for the management of the subsidiary until its obligations with Nedbank Limited had been released. As at 28 February 2023, the obligations were not yet released and accordingly the group still had control over Erf 733 Woodmead Ext. 14 Proprietary Limited at that time. Accordingly, the investment (at subsidiary level) and investment property, Erf 643, Lanseria, (at consolidation level) were classified as non-current assets held for sale as at 28 February 2023.

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Non-current assets held for sale				
Investment property - Erf 661, Lanseria Ext 46	-	16,401,359	-	-
Operating lease asset - Erf 661, Lanseria Ext 46	-	1,998,641	-	-
	-	**18,400,000**	**-**	**-**
Assets of disposal groups				
Investment property	-	14,050,939	-	-
Operating lease asset	-	2,095,256	-	-
Trade and other receivables	-	47,499	-	-
Cash and cash equivalents	-	642,929	-	-
	-	**16,836,623**	**-**	**-**
	-	**35,236,623**	**-**	**-**
Liabilities of disposal groups				
Interest-bearing borrowings (Nedbank Limited)*	-	8,068,276	-	-
Interest-bearing borrowings (Shareholder)*	-	3,195,978	-	-
Deferred tax	-	656,978	-	-
Trade and other payables	-	672,916	-	-
	-	**12,594,148**	**-**	**-**

The carrying value of the assets of Erf 733 Woodmead Ext 14 Proprietary Limited sold during the current year was as follows:

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Non-current asset held for sale (investment property)	16,100,000	-	-	-
Interest-bearing borrowings	(7,965,723)	-	-	-
Deferred tax liability	(656,978)	-	-	-
Trade and other payables	(211,686)	-	-	-
Non-controlling interest	(299,113)	-	-	-
Total net assets sold	6,966,500	-	-	-
Profit on sale of subsidiary	271,998	-	-	-
Total consideration received	**7,238,498**	**-**	**-**	**-**

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

15. Non-current assets (disposal groups) held for sale (continued)

Consideration received on sale of subsidiary				
Cash	1,303,005	-	-	-
Settlement of loan account	5,935,493	-	-	-
Total consideration received	**7,238,498**	**-**	**-**	**-**

16. Stated capital

Authorised
400,000,000 Ordinary no par value shares

On 23 November 2022, the Company issued 6,364,850 no par value ordinary shares at a price of R1.00 per share, to Three Daisies Properties Proprietary Limited and Zencor Properties Proprietary Limited, in exchange for obtaining 50% of the shares in Heartwood Logistics 1 Proprietary Limited, and in settlement of the loan accounts with the previous non-controlling interests. The share issue and settlement of the loans results in, Heartwood Properties Limited owning 100% of Heartwood Logistics 1 Proprietary Limited to which the previous non-controlling interests had contributed land, effectively making this an asset for share swap . A development in this subsidiary in Firgrove, Somerset West, was completed during the prior year.

On 26 August 2022, the Company issued 200,850 no par value ordinary shares at a price of R1.00 per share. The shares were issued as part of a private placement to two individuals. The aggregate subscription consideration received by the Company amounted to R200,850, which was received in cash. The proceeds of the issue will be utilised by the Group in its current and future property developments.

Reconciliation of number of shares issued:				
At beginning of the year	137,616,861	131,051,161	137,616,861	131,051,161
Issue of shares – ordinary shares	-	6,565,700	-	6,565,700
	137,616,861	**137,616,861**	**137,616,861**	**137,616,861**
Issued				
137,616,861 ordinary no par value shares	86,476,999	86,476,999	86,476,999	86,476,999

17. Foreign currency translation reserve

Translation reserve comprises exchange differences on consolidation of foreign subsidiary, Heartwood UK Ventures Limited, who reports in GBP.

Heartwood UK Ventures Limited	1,122,787	685,091	-	-

18. Non-controlling interest

The non-controlling interest consisted of the profit or loss and reserves attributable to non-controlling shareholders of Erf 733 Woodmead Ext 14 Proprietary Limited (20%). Velvet Moon Properties 93 Proprietary Limited previously held 80% of the issued shares of Erf 733 Woodmead Ext 14 Proprietary Limited, but the group has sold this 80% shareholding in Erf 733 Woodmead Ext 14 Proprietary Limited, effective 16 March 2023 and the non-controlling interest has been derecognised in the current year.

Reconciliation of movement in non-controlling interest

Opening balance	288,731	307,611	-	-
Profit / (loss) for the year	10,382	(18,880)	-	-
Sale of investment in subsidiary	(299,113)	-	-	-
	-	**288,731**	**-**	**-**

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**
19. Interest-bearing borrowings				
Held at amortised cost				
Nedbank Limited* The loan bears interest at JIBAR plus 2.75%. The interest rate at year end was 11,06%. (During the prior period the loan bore interest at the South African prime overdraft rate and the interest rate at year end was 10,75%). The loan is repayable in monthly instalments over a total period of 60 months, with a bullet capital payment at the end. The properties Erf 862 and Erf 863, Firgrove Industrial Park have been pledged as security (refer to note 3). Heartwood Properties Limited provided a guarantee of R13,920,000 for the loan.	33,728,360	31,953,208	-	-
Nedbank Limited The loan is secured over the property referred to in note 4. The loan bears interest at the South African prime overdraft rate less 0,25% and is repayable in monthly instalments over a period of 3 years with a bullet payment in March 2026. The interest rate at year end was 11,50%. Guarantees provided for the loan includes an irrevocable guarantee of R2,450,000 from Heartwood Properties Limited in favour of Nedbank Limited.	2,290,575	-	-	-
Standard Bank of South Africa Limited The loan bears interest at the South African prime overdraft rate less 0.75% and is repayable in monthly instalments with a bullet payment on 28 February 2026. The interest rate at year end was 11% (2023: 10%) per annum. The properties Willow Wood Office Park Blocks A, B, C and D as well as Erf 20, Lyme Park have been pledged as security (refer to note 3). Guarantees provided for the loan are from Velvet Moon Properties 93 Proprietary Limited to the value of R55,000,000, Fargofor Proprietary Limited to the value of R42,000,000 and Utter Velvet Proprietary Limited to the value of R36,580,000 in favour of Standard Bank of South Africa Limited.	77,463,702	77,961,453	77,463,702	77,961,453
Nedbank Limited The loan bore interest at the South African prime overdraft rate less 0,25% and was repayable in monthly instalments of R149,596. The loan has been settled in full in March 2023, on the sale of the investment property (Erf 661, Lanseria).	-	8,928,995	-	-

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

19. Interest-bearing borrowings (continued)

Standard Bank of South Africa Limited The loan is secured over the solar system in note 4. The loan bears interest at the South African prime overdraft rate less 1,40%. The interest rate at year end was 10,35%. The loan is repayable in monthly instalments over a total period of 60 months. Velvet Moon Properties 93 Proprietary Limited provided a limited guarantee in favour of Standard Bank of South Africa Limited for the loan, to the value of R650,000.	581,664	-	-	-
Nedbank Limited* The loan bears interest at JIBAR plus 3,076% (2023: at the South African prime overdraft rate less 0,25% per annum). The interest rate at year end was 11,39% (2023: 10,50%). The loan is repayable in monthly instalments over a period of 5 years with a bullet payment in November 2025. The property Erf 20774 Somerset West has been pledged as security (refer to note 3). Guarantees provided for the loan includes an irrevocable guarantee of R9,000,000 from Heartwood Properties Limited in favour of Nedbank Limited.	29,857,208	30,380,008	-	-
Nedbank Limited The loan bears interest at the South African prime overdraft rate. The interest rate at year end was 11,75%. Upon completion date of the building period the loan will bear interest at the South African prime overdraft rate less 0,50%. The loan will be repayable in monthly instalments over a period of 60 months, with a bullet capital payment at the end. The developed portion of Erf 4132, Hagley has been pledged as security (refer to note 3). Guarantees provided for the loan includes an irrevocable guarantee of R19,052,000 from Heartwood Properties Limited and Velvet Moon Properties 93 Proprietary Limited in favour of Nedbank Limited.	37,814,383	-	-	-

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

19. Interest-bearing borrowings (continued)

Nedbank Limited The loan bears interest at the South African prime overdraft rate and interest is repayable monthly. The interest rate at year end was 11,75%. The loan expires in September 2024, at which date it will be refinanced. The balance includes an amount of R2,922,480 which relates to a VAT input claim which will be repaid on the facility as soon as received. The vacant land of Erf 4132, Hagley has been pledged as security (refer to note 3). Guarantees provided for the loan includes an irrevocable guarantee of R2,400,000 from Heartwood Properties Limited and Velvet Moon Properties 93 Proprietary Limited in favour of Nedbank Limited.	8,050,973	-	-	-
	189,786,865	**149,223,664**	**77,463,702**	**77,961,453**

Split between non-current and current portions

Non-current liabilities	174,196,957	134,600,042	76,068,702	77,061,453
Current liabilities	15,589,908	14,623,622	1,395,000	900,000
	189,786,865	**149,223,664**	**77,463,702**	**77,961,453**

* This loan is subject to JIBAR, which will be replaced with Zaronia once implemented.

Refer to note 33 Changes in liabilities arising from financing activities for details of the movement in the interest-bearing borrowings during the reporting period.

20. Long-term employee benefit

Long-term incentive scheme provision	2,021,978	1,807,267	-	-

Reconciliation of provision

Opening balance	1,807,267	1,794,720	-	-
Units awarded not yet vested	214,711	12,547	-	-
	2,021,978	**1,807,267**	**-**	**-**

Split between non-current and current portions

Non-current liabilities	564,346	680,182	-	-
Current liabilities	1,457,632	1,127,085	-	-
	2,021,978	**1,807,267**	**-**	**-**

During 2020, the group introduced a long-term incentive scheme ("LTI") with the objective to drive longer-term strategic and sustainable performance. The LTI makes use of two categories: performance units and retention units. Units are awarded annually to the invited participants and will vest after 3 years if the participant attained an average rating of greater than 3 for each category. The settlement will be either in cash or in shares in Heartwood Properties Limited or a combination and is based on Heartwood's net asset value. The decision will be made by the remuneration committee.

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

20. Long-term employee benefit (continued)

The long-term incentive provision has been calculated by using the actual unvested units awarded multiplied by the actual net asset value per share at the previous year end. It is assumed that the employees will reach 100% of the annual growth target and that all employees will remain in service.

21. Loans from subsidiaries

Velvet Moon Properties 93 Proprietary Limited The loan bears interest at the South African prime overdraft rate plus 1% per annum. Interest accrues on a monthly basis. The interest rate at year end was 12,75% (2023: 11,75%) per annum. The loan has no fixed terms of repayment, but would not be repaid within the next 12 months.	-	-	5,918,661	7,942,745
Velvet Moon Properties 93 Proprietary Limited The loan bore interest at the South African prime overdraft rate plus 2% per annum. Interest accrued on a monthly basis. The loan had no fixed terms of repayment.	-	-	-	6,357,431
Velvet Moon Properties 93 Proprietary Limited The loan bears interest at the South African prime overdraft rate plus 1% per annum. Interest accrues on a monthly basis. The interest rate at year end was 12,75% (2023: 11,75%) per annum. The loan has no fixed terms of repayment, but would not be repaid within the next 12 months.	-	-	3,749,761	3,420,224
	-	**-**	**9,668,422**	**17,720,400**

Split between non-current and current portion

Non-current liabilities	-	-	-	17,720,400
Current liabilities	-	-	9,668,422	-
	-	**-**	**9,668,422**	**17,720,400**

Refer to note 33 Changes in liabilities arising from financing activities for details of the movement in the loans from subsidiaries during the reporting period.

22. Trade and other payables

Financial instruments:				
Trade payables	2,051,454	2,997,291	99	99
Accrued expenses	2,121,443	1,730,898	-	-
Deposits received	3,633,049	1,857,653	-	-
Non-financial instruments:				
Amounts received in advance	1,450,116	-	-	-
VAT	1,105,851	547,274	-	-
	10,361,913	**7,133,116**	**99**	**99**

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

23. Revenue

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Revenue from rental of investment property				
Revenue recognised in terms of IFRS 16 Leases:				
Rental income (straight-line basis)	23,924,568	23,571,080	-	-
Lease incentive amortisation (straight-line basis)	(235,277)	(235,277)	-	-
Straight-lining lease adjustment (straight-line basis)	(1,059,549)	1,954,533	-	-
Revenue recongised in terms of IFRS 15 Revenue from contracts with customers:				
Recoveries: Electricity, water, refuse, rates and taxes (over time)	6,937,307	6,030,411	-	-
	29,567,049	**31,320,747**	**-**	**-**
Other revenue				
Revenue other than from contracts with customers:				
Interest received (trading)	-	-	10,047,719	7,177,046
	29,567,049	**31,320,747**	**10,047,719**	**7,177,046**

24. Other operating income

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Administration and management fees received	44,760	14,700	-	-
Development fees received	-	378,834	-	-
Profit on sale of subsidiary	271,998	-	-	-
Sundry income	98,632	173,442	-	-
	415,390	**566,976**	**-**	**-**

25. Fair value adjustments

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Fair value gains / (losses)				
Investment property - fair value gains	7,952,772	11,738,675	-	-
Investment property - fair value losses	(3,209,217)	(5,044,446)	-	-
Financial assets mandatorily at fair value through profit or loss	-	180,398	-	-
	4,743,555	**6,874,627**	**-**	**-**

26. Profit before financing and investing activities

Profit before financing and investing activities for the year is stated after charging the following, amongst others:

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Auditor's remuneration - external				
Audit fees - South Africa	633,750	510,000	-	-
Audit fees - UK	140,665	154,947	-	-
	774,415	**664,947**	**-**	**-**
Remuneration, other than to employees				
Administrative and managerial services	433,159	555,973	-	-
Consulting, accounting and professional services	2,160,091	2,441,633	-	51,733
Secretarial services	201,291	178,685	-	-
	2,794,541	**3,176,291**	**-**	**51,733**

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

26. Profit before financing and investing activities (continued)

Employee costs

Salaries, wages, bonuses and other benefits	4,789,780	5,629,045	-	-
Long-term incentive scheme	214,712	12,546	-	-
Total employee costs	**5,004,492**	**5,641,591**	**-**	**-**

Leases

Short-term leases	228,500	429,699	-	-

Depreciation

Depreciation of property, plant and equipment	113,606	55,524	-	-

Movement in credit loss allowances

Trade and other receivables	(28,415)	(343,912)	-	-

Other

Bad debts*	1,437,068	133,995	-	-
Levies	2,249,722	1,942,303	-	-
Listing costs	156,562	176,878	-	-
Municipal expenses	3,428,052	3,666,766	-	-
Rates	2,249,795	1,964,765	-	-
Diesel costs	771,688	687,053	-	-

* The increase in bad debts during the current year is due to two previous tenants going into liquidation - The Media Connection (Erf 661 Lanseria which was sold) and Build It (Erf 20774 Somerset West for which a new tenant was found).

27. Investment income

Interest income				
Investments in financial assets at amortised cost:				
Bank and other cash	696,383	197,083	1,750	482
Other interest received	306,270	-	-	-
Loans to group companies:				
Joint venture	450,102	331,487	-	241,641
Total finance income	**1,452,755**	**528,570**	**1,750**	**242,123**

28. Finance costs

Financial liabilities measured at amortised cost				
Interest-bearing borrowings	16,016,776	10,513,676	10,047,424	7,418,686
Trade and other payables	-	31,155	-	-
Other interest paid	185,632	9,571	-	-
Total finance costs	**16,202,408**	**10,554,402**	**10,047,424**	**7,418,686**

	Group		Company	
	2024 R	**2023 R**	**2024 R**	**2023 R**

29. Taxation

Major components of the tax (credit) / expense

Current				
Local income tax - current period	174,875	-	556	-
Deferred				
Deferred income tax - current period	(1,438,440)	3,358,907	-	-
	(1,263,565)	**3,358,907**	**556**	**-**

Reconciliation of the tax (credit) / expense

Reconciliation between accounting (loss) / profit and tax expense.

Accounting (loss) / profit	(651,616)	9,499,164	1,035	(52,092)
Tax at the applicable tax rate of 27% (2023: 28%)	(175,936)	2,659,766	279	(14,586)
Tax effect of adjustments on taxable income				
Non-deductible expenses	459,894	823,343	277	14,586
Fair value adjustments - not taxable	(587,635)	(140,438)	-	-
Change in tax rate	(1,031,569)	-	-	-
Unused tax losses	-	(201,122)	-	-
Income from equity-accounted investment	(113,943)	(403,484)	-	-
Profit on sale of assets - not taxable	193,597	145,971	-	-
Capital gains - not taxable	71,247	353,884	-	-
Other	(79,220)	120,987	-	-
	(1,263,565)	**3,358,907**	**556**	**-**

Non deductible expenses include consulting and professional fees and other expenditure that are capital in nature, ie. legal fees, valuation costs and listing costs.

Change in tax rate

On 23 February 2022, the Finance Minister announced in the 2022 Budget Speech, that the South African corporate income tax rate will be reduced from 28% to 27% for companies with years of assessment ending on or after 31 March 2023.

30. Earnings per share

Basic and diluted (cents)	0,004	0,046	-	-

Basic earnings per share was based on the earnings attributable to equity holders of the parent of R601,567 (2022: R6,159,137) and a weighted average number of 137,616,861 (2023: 132,742,799) of ordinary shares in issue during the year.

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

31. Cash generated from / (used in) operations

	Group		Company	
	2024 R	2023 R	2024 R	2023 R
(Loss) / profit before taxation	(651,616)	9,499,164	1,035	(52,092)
Adjustments for:				
Depreciation	113,606	55,524	-	-
Profit on sale of subsidiary	(271,998)	-	-	-
Income from equity accounted investment	(422,010)	(1,441,015)	-	-
Finance income	(1,452,755)	(528,570)	(10,049,469)	(7,419,169)
Finance costs	16,202,408	10,554,402	10,047,424	7,418,686
Net fair value adjustments	(4,743,555)	(6,111,281)	-	-
Movements in credit loss allowances	(28,415)	(343,912)	-	-
Movements in operating lease assets	1,059,549	(1,954,533)	-	-
Movements in provisions	281,872	124,303	-	-
Amortisation of lease incentive	235,277	235,277	-	-
Bad debts	1,437,068	-	-	-
Long-term employee benefit	214,711	12,547	-	-
Other non-cash movements	-	-	-	42,409
Changes in working capital:				
Trade and other receivables	(967,021)	(6,404,166)	-	-
Trade and other payables	2,378,822	1,542,950	-	-
	13,385,943	**5,240,690**	**(1,010)**	**(10,166)**

32. Commitments

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Authorised capital expenditure - already contracted for, but not provided for				
• Investment property - Paardevlei land	5,130,000	5,130,000	-	-
• Investment property - Tonquani House	-	2,450,000	-	-
• Land purchase Erf 4132, Hagley	-	19,483,200	-	-
	5,130,000	**27,063,200**	**-**	**-**

The amounts above have been budgeted for and will be spent after year end on property purchases.

33. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2024

	Opening balance R	Cash repayments R	Cash advances R	Interest paid R	Interest capitalised R	Total movement R	Closing balance R
Interest-bearing borrowings	149,223,664	(7,893,679)	47,048,976	(16,016,776)	17,424,680	40,563,201	189,786,865

Reconciliation of liabilities arising from financing activities - Group - 2023

	Opening balance R	Cash repayments R	Cash advances R	Interest paid R	Non-cash repayments R	Transfer to disposal group* R	Interest capitalised R	Total movement R	Closing balance R
Interest-bearing borrowings	133,499,139	(26,453,686)	58,208,023	(10,456,808)	(6,298,170)	(11,264,254)	11,989,420	15,724,525	149,223,664

The non-cash movements are for payments made directly to suppliers, as well as the direct settlement of bonds (2023: * Refer to note 15 for details on the disposal group).

Reconciliation of liabilities arising from financing activities - Company - 2024

	Opening balance R	Repayments R	Advances R	Interest capitalised R	Non-cash movements R	Total movement R	Closing balance R
Interest-bearing borrowings	77,961,453	-	-	1,618,073	(2,115,824)	(497,751)	77,463,702
Loans from subsidiaries	17,720,400	(8,576,927)	525,000	-	(51)	(8,051,978)	9,668,422
Total liabilities from financing activities	**95,681,853**	**(8,576,927)**	**525,000**	**1,618,073**	**(2,115,875)**	**(8,549,729)**	**87,132,124**

Reconciliation of liabilities arising from financing activities - Company - 2023

	Opening balance R	Repayments R	Advances R	Interest capitalised R	Non-cash movements R	Total movement R	Closing balance R
Interest-bearing borrowings	89,102,945	-	-	6,501,851	(17,643,343)	(11,141,492)	77,961,453
Loans from subsdiaries	-	(2,821,416)	19,224,981	916,835	400,000	17,720,400	17,720,400
Total liabilities from financing activities	**89,102,945**	**(2,821,416)**	**19,224,981**	**7,418,686**	**(17,243,343)**	**6,578,908**	**95,681,853**

The non-cash movements in 2023 related to the advances received by subsidiaries directly from Standard Bank and repayments made by subsidiaries directly to Standard Bank, as well as a payment made by the buyer of the units in Velvet Moon Properties 93 Proprietary Limited (2022: related to the interest on the loan paid by Velvet Moon Properties 93 Proprietary Limited).

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

34. Related parties

Relationships

Joint venture	Firgrove Developments Proprietary Limited
Subsidiaries	Fargofor Proprietary Limited Heartwood Energy Proprietary Limited (formerly Heartwood Solar Proprietary Limited) Heartwood Logistics 1 Proprietary Limited Heartwood RB Proprietary Limited Heartwood Saxdowne Proprietary Limited Heartwood Ventures UK Limited Nictokaybee Investments Proprietary Limited Utter Velvet Proprietary Limited Velvet Moon Properties 93 Proprietary Limited
Former subsidiary	Erf 733 Woodmead Ext. 14 Proprietary Limited (indirect)
Companies under control of key management	K2018483185 (South Africa) Proprietary Limited (LJ Whall, J Dumas) Mass Property Management Proprietary Limited (MR Evans)
Members of key management	JH Scher MR Evans AG Utterson LJ Whall J Dumas B Seeff PR Gent

Related party balances

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Loan accounts - Owing (to) / by related parties				
Joint venture	3,749,761	3,420,174	3,749,761	3,420,174
Subsidiaries	-	-	97,070,110	107,928,064
Subsidiaries	-	-	(9,668,422)	(17,720,400)

Refer to notes 9, 10 and 21 for the terms of the related party loans.

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Amount included in trade and other receivables regarding related party				
Joint venture	4,451	-	-	-
Other related parties	70,527	74,727	-	-

Related party transactions

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Interest (received from) / paid to related parties				
Joint venture	(450,103)	(331,487)	(449,588)	(241,641)
Subsidiaries	-	-	(9,598,131)	(7,177,045)
Subsidiaries	-	-	1,618,073	916,835
Management fees (received from) / paid to related parties				
Joint venture	(44,760)	(14,700)	-	-
Other related parties	23,740	91,600	-	-
Development fees received from related party				
Joint venture	-	(378,834)	-	-

Refer to note 35 for the total directors' emoluments.

35. Directors' emoluments

No emoluments were paid by the company, all emoluments were paid to the directors by a subsidiary company, Velvet Moon Properties 93 Proprietary Limited, as per below:

Executive

2024

	Short-term employee benefits R	Long-term employee benefits R	Total R
Services as director			
LJ Whall	2,175,678	869,931	3,045,609
J Dumas	920,520	327,972	1,248,492
AG Utterson	1,213,488	-	1,213,488
	4,309,686	**1,197,903**	**5,507,589**

2023

	Short-term employee benefits R	Long-term employee benefits R	Total R
Services as director			
LJ Whall	2,936,906	661,266	3,598,172
J Dumas	1,148,202	232,766	1,380,968
AG Utterson	1,361,240	-	1,361,240
	5,446,348	**894,032**	**6,340,380**

Non-executive

Directors' fees

	2024 R	2023 R
JH Scher	138,000	132,000
MR Evans	96,667	90,000
B Seeff	96,667	90,000
PR Gent	96,667	90,000
	428,001	**402,000**

36. Financial instruments and risk management

Categories of financial assets

Group - 2024

	Notes	Fair value through profit or loss - Mandatory R	Amortised cost R	Total R
Loan to joint venture	10	-	3,749,761	3,749,761
Investment at fair value	11	4,847,000	-	4,847,000
Trade and other receivables	13	-	3,361,726	3,361,726
Cash and cash equivalents	14	-	220,657	220,657
		4,847,000	**7,332,144**	**12,179,144**

	Notes	Fair value through profit or loss - Mandatory R	Amortised cost R	Total R
Group - 2023				
Loan to joint venture	10	-	3,420,174	3,420,174
Investment at fair value	11	4,413,200	-	4,413,200
Trade and other receivables	13	-	2,589,629	2,589,629
Cash and cash equivalents	14	-	6,123,839	6,123,839
		4,413,200	**12,133,642**	**16,546,842**

Company - 2024

	Notes	Amortised cost R	Total R
Loans to subsidiaries	9	97,070,110	97,070,110
Loans to joint venture	10	3,749,761	3,749,761
Cash and cash equivalents	14	39	39
		100,819,910	**100,819,910**

Company - 2023

Loans to subsidiaries	9	107,928,064	107,928,064
Loan to joint venture	10	3,420,174	3,420,174
Cash and cash equivalents	14	150,040	150,040
		111,498,278	**111,498,278**

36. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2024

	Notes	Amortised cost R	Total R
Interest-bearing borrowings	19	189,786,865	189,786,865
Trade and other payables	22	7,805,946	7,805,946
Bank overdraft	14	451,848	451,848
		198,044,659	**198,044,659**

Group - 2023

	Notes	Amortised cost R	Total R
Interest-bearing borrowings	19	149,223,664	149,223,664
Trade and other payables	22	6,585,842	6,585,842
Bank overdraft	14	28,902	28,902
		155,838,408	**155,838,408**

Company - 2024

	Notes	Amortised cost R	Total R
Interest-bearing borrowings	19	77,463,702	77,463,702
Loans from subsidiaries	21	9,668,422	9,668,422
Trade and other payables	22	99	99
		87,132,223	**87,132,223**

Company - 2023

	Notes	Amortised cost R	Total R
Interest-bearing borrowings	19	77,961,453	77,961,453
Loans from subsidiaries	21	17,720,400	17,720,400
Trade and other payables	22	99	99
		95,681,952	**95,681,952**

The carrying amounts of the financial instruments approximate their fair values.

36. Financial instruments and risk management (continued)

Pre tax gains and losses on financial assets

Group - 2024

	Notes	Fair value through profit or loss - Mandatory	Amortised cost R	Total R
Recognised in profit or loss:				
Movement in credit loss allowances	26	-	28,415	28,415
Investment income	27	-	1,452,755	1,452,755
Net gains		**-**	**1,481,170**	**1,481,170**

Group - 2023

	Notes	Fair value through profit or loss - Mandatory	Amortised cost R	Total R
Recognised in profit or loss:				
Fair value adjustments	25	180,398	-	180,398
Movement in credit loss allowances	26	-	343,912	343,912
Investment income	27	-	528,570	528,570
Net gains		**180,398**	**872,482**	**1,052,880**

Company - 2024

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Investment income	27	1,750	1,750

Company - 2023

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Investment income	27	242,123	242,123

36. Financial instruments and risk management (continued)

Pre tax gains and losses on financial liabilities

Group - 2024

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Finance costs	28	(16,202,408)	(16,202,408)

Group - 2023

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Finance costs	28	(10,554,402)	(10,554,402)

Company - 2024

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Finance costs	28	(10,047,424)	(10,047,424)

Company - 2023

	Note	Amortised cost R	Total R
Recognised in profit or loss:			
Finance costs	28	(7,418,686)	(7,418,686)

	Group		Company	
	2024 R	2023 R	2024 R	2023 R

36. Financial instruments and risk management (continued)

Capital risk management

The group's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the group's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholder returns sustainably.

The group manages capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain the capital structure, the group may adjust the amount of dividends paid to the shareholders, return capital to the shareholders, repurchase shares currently issued, issue new shares, issue new debt, issue new debt to replace existing debt with different characteristics and/or sell assets to reduce debt.

Capital risk is monitored on a consolidated level - the loan facility from Standard Bank of South Africa Limited is held in Heartwood Properties Limited. Loan to value ratio covenants for Standard Bank of South Africa Limited range from 51% to 55%, depending on the yearly anniversary of the loan. Standard Bank of South Africa Limited also requires certain properties to have minimum values, and requires an Interest Cover Ratio of 1,25 to 1,45 times, depending on the yearly anniversary of the loan. The Interest Cover Ratio at year end was 1,45 (2023: 1,54). Nedbank Limited has no covenants.

The group's targeted loan to value ratio is to be not more than 60%.

The loan to value ratio of the group at the reporting date was as follows:

	Group 2024 R	Group 2023 R	Company 2024 R	Company 2023 R
Interest-bearing borrowings	189,786,865	149,223,664	77,463,702	77,961,453
Interest-bearing borrowings included in disposal group	-	11,264,254	-	-
Total interest-bearing borrowings	**189,786,865**	**160,487,918**	**77,463,702**	**77,961,453**
Investment property	348,646,832	317,042,316	-	-
Loan to value ratio	54 %	51 %	n/a	n/a

Financial risk management

Overview

The group 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).

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the risk committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports to the board quarterly on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The group audit committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee and the risk committee.

36. Financial instruments and risk management (continued)

Credit risk

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

The group is exposed to credit risk on loans receivable (at amortised cost), trade and other receivables and cash and cash equivalents.

Credit risk for exposures other than those arising on cash and cash equivalents, are managed by making use of credit approvals, limits and monitoring. The group only deals with reputable counterparties with consistent payment histories. Sufficient collateral or guarantees are also obtained when necessary. Each counterparty is analysed individually for creditworthiness before terms and conditions are offered. The analysis involves making use of information submitted by the counterparties as well as external bureau data (where available). Counterparty credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of counterparties is continuously monitored.

Credit risk exposure arising on cash and cash equivalents is managed by the company through dealing with well-established financial institutions with high credit ratings.

Credit loss allowances for expected credit losses are recognised for all debt instruments, but excluding those measured at fair value through profit or loss. Credit loss allowances are also recognised for loan commitments and financial guarantee contracts.

Expected credit losses of 70% have been recognised at year end, with no debtors in liquidation at year-end. The remaining balance of trade receivables is immaterial and the risk of default on this balance is low, as such no further expected credit losses have been recognised.

In order to calculate credit loss allowances, management determine whether the loss allowances should be calculated on a 12 month or on a lifetime ECL basis. This determination depends on whether there has been a significant increase in the credit risk since initial recognition. If there has been a significant increase in credit risk, then the loss allowance is calculated based on lifetime expected credit losses. If not, then the loss allowance is based on 12 month ECL. This determination is made at the end of each financial period. Thus the basis of the loss allowance for a specific financial asset could change year on year.

For trade receivables and contract assets which do not contain a significant financing component, the loss allowance is determined as the lifetime expected credit losses of the instruments. For all other trade receivables, contract assets and lease receivables, IFRS 9 permits the determination of the credit loss allowance by either determining whether there was a significant increase in credit risk since initial recognition or by always making use of lifetime expected credit losses.

Management has chosen as an accounting policy, to make use of lifetime ECLs. Management does therefore not make the annual assessment of whether the credit risk has increased significantly since initial recognition for trade receivables.

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

Group		**2024**			**2023**		
	Notes	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost / fair value R**	**Gross carrying amount R**	**Credit loss allowance R**	**Amortised cost / fair value R**
Loan to joint venture	10	3,749,761	-	3,749,761	3,420,174	-	3,420,174
Trade and other receivables	13	3,602,338	(240,612)	3,361,726	8,845,777	(269,027)	8,576,750
Cash and cash equivalents	14	220,657	-	220,657	6,123,839	-	6,123,839
		7,572,756	**(240,612)**	**7,332,144**	**18,389,790**	**(269,027)**	**18,120,763**

36. Financial instruments and risk management (continued)

Company		2024			2023		
	Notes	Gross carrying amount R	Credit loss allowance R	Amortised cost / fair value R	Gross carrying amount R	Credit loss allowance R	Amortised cost / fair value R
Loans to subsidiaries	9	97,070,110	-	97,070,110	107,928,064	-	107,928,064
Loan to joint venture	10	3,749,761	-	3,749,761	3,420,174	-	3,420,174
Cash and cash equivalents	14	39	-	39	150,040	-	150,040
		100,819,910	**-**	**100,819,910**	**111,498,278**	**-**	**111,498,278**

Liquidity risk

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

The group manages its liquidity risk by effectively managing its working capital, capital expenditure and cash flows. The financing requirements are met through a mixture of cash generated from operations and long and short term borrowings. Committed borrowing facilities are available for meeting liquidity requirements and deposits are held at central banking institutions.

The company has provided limited guarantees for the debt of Velvet Moon Properties 93 Proprietary Limited (R11,450,000), Erf 733 Woodmead Ext 14 Proprietary Limited (R5,000,000) - this guarantee was released on 16 March 2023 when the shares in the subsidiary were sold, Heartwood Logistics 1 Proprietary Limited (R13,920,000), the joint venture Firgrove Developments Proprietary Limited (R5,970,000) and Heartwood Saxdowne Proprietary Limited (R21,452,000).

An omnibus guarantee, limited to R2 million together with an unconditional and irrevocable shortfall undertaking to fund any shortfalls in Heartwood Properties Limited's cash flow requirements to meet any payments due and payable by Heartwood Properties Limited, has been provided to Standard Bank of South Africa Limited by Velvet Moon Properties 93 Proprietary Limited, Fargofor Proprietary Limited and Utter Velvet Proprietary Limited. This omnibus guarantee has been increased to R5 million in March 2024 and two additional subsidiaries have been included, being Heartwood Logistics 1 Proprietary Limited and Heartwoord Saxdowne Proprietary Limited. Furthermore, the Standard Bank of South Africa Limited overdraft facility has been increased from R2 million to R4,5 million.

Management has assessed the probability of these entities defaulting as low, and any loss given default as insignificant based on their financial position and the fair value of the underlying property provided as security on these loans. On this basis the liability for financial guarantees was determined to be Rnil in the years presented.

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

36. Financial instruments and risk management (continued)

The maturity profile of contractual cash flows of financial liabilities are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2024

	Notes	Less than 1 year R	1 to 2 years R	2 to 5 years R	Over 5 years R	Total cash flows R	Carrying amount R
Non-current liabilities							
Interest-bearing borrowings	19	-	125,828,485	55,471,232	33,163,228	214,462,945	174,196,957
Current liabilities							
Interest-bearing borrowings	19	34,374,270	-	-	-	34,374,270	15,589,908
Trade and other payables	22	7,805,946	-	-	-	7,805,946	7,805,946
Bank overdraft	14	451,848	-	-	-	451,848	451,848
Guarantees - Firgrove Developments Proprietary Limited		5,970,000	-	-	-	5,970,000	-
		48,602,064	**125,828,485**	**55,471,232**	**33,163,228**	**263,065,009**	**198,044,659**

Group - 2023

	Notes	Less than 1 year R	1 to 2 years R	2 to 5 years R	Over 5 years R	Total cash flows R	Carrying amount R
Non-current liabilities							
Interest-bearing borrowings	19	-	17,561,207	134,213,460	20,741,816	172,516,483	134,600,042
Current liabilities							
Interest-bearing borrowings*	19	33,795,529	-	-	-	33,795,529	14,623,622
Trade and other payables	22	6,585,842	-	-	-	6,585,842	6,585,842
Bank overdraft	14	28,902	-	-	-	28,902	28,902
Guarantees - Firgrove Developments Proprietary Limited		5,970,000	-	-	-	5,970,000	-
		46,380,273	**17,561,207**	**134,213,460**	**20,741,816**	**218,896,756**	**155,838,408**

The amount payable within one year will be financed by the operations of the group as well as the sale of property where applicable.

* Included in the contractual cash flows was an amount of R14,229,632 relating to the loans that were included as part of the disposal group in note 15.

36. Financial instruments and risk management (continued)

Company - 2024

	Notes	Less than 1 year R	1 to 2 years R	2 to 5 years R	Total cash flows R	Carrying amount R
Non-current liabilities						
Interest-bearing borrowings	19	-	84,205,242	-	84,205,242	76,068,702
Current liabilities						
Interest-bearing borrowings	19	9,878,203	-	-	9,878,203	1,395,000
Loans from subsidiaries	21	10,901,146	-	-	10,901,146	9,668,422
Trade and other payables	22	99	-	-	99	99
Guarantees - Velvet Moon Properties 93 Proprietary Limited		11,450,000	-	-	11,450,000	-
Guarantees - Heartwood Logistics 1 Proprietary Limited		13,920,000	-	-	13,920,000	-
Guarantees - Firgrove Developments Proprietary Limited		5,970,000	-	-	5,970,000	-
Guarantees - Heartwood Saxdowne Proprietary Limited		21,452,000	-	-	21,452,000	-
		73,571,448	**84,205,242**	**-**	**157,776,690**	**87,132,223**

Company - 2023

	Notes	Less than 1 year R	1 to 2 years R	2 to 5 years R	Total cash flows R	Carrying amount R
Non-current liabilities						
Interest-bearing borrowings	19	-	9,078,191	83,077,835	92,156,026	77,061,453
Loans from subsidiaries	21	-	-	17,720,400	17,720,400	17,720,400
Current liabilities						
Interest-bearing borrowings	19	34,374,270	-	-	34,374,270	900,000
Trade and other payables	22	99	-	-	99	99
Guarantees - Nictokaybee Investments Proprietary Limited		3,167,500	-	-	3,167,500	-
Guarantees - Velvet Moon Properties 93 Proprietary Limited		11,450,000	-	-	11,450,000	-
Guarantees - Erf 733 Woodmead Ext 14 Proprietary Limited		5,000,000	-	-	5,000,000	-
Guarantees - Heartwood Logistics 1 Proprietary Limited		13,920,000	-	-	13,920,000	-
Guarantees - Firgrove Developments Proprietary Limited		5,970,000	-	-	5,970,000	-
		73,881,869	**9,078,191**	**100,798,235**	**183,758,295**	**95,681,952**

36. Financial instruments and risk management (continued)

Foreign currency risk

The group has an investment in a foreign operation in the United Kingdom, whose net assets are exposed to foreign currency translation risk.

The group is mainly exposed to the Pound Sterling ("GBP") currency and the sport rate of 24.235 was used at year end (2023: 22.066).

The carrying value of the group's foreign currency denominated assets at year end was R4,847,000 (2023: R4,413,200).

The group's sensitivity to a 10% increase or decrease in the Rand against the GBP would be an increase or decrease of R484,700 (2023: R441,320).

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

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk.

The debt of the group is comprised of different instruments, which bear interest at either fixed or floating interest rates. The ratio of fixed and floating rate instruments in the loan portfolio is monitored and managed, by incurring either variable rate bank loans or fixed rate bonds as necessary. Interest rates on all borrowings compare favourably with those rates available in the market.

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

Interest rate sensitivity analysis

The following sensitivity analysis represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date.

Group

At 29 February 2024, if the interest rate (the South African prime overdraft rate) had been 2% per annum (2023: 2%) higher or lower during the period, with all other variables held constant, profit or loss after tax for the year would have been R2,133,227 (2023: R1,838,556) lower or higher.

Management did further sensitivity analysis and stress testing on interest rates, and should the interest rate go up with 2% from the year end date the group should be able to meet interest repayments. If it goes up more than 2%, then it would put pressure on the existing cash flow of the group (assuming everything else remains unchanged). There is however enough cash reserves to mitigate this cash flow risk.

Company

At 29 February 2024, if the interest rate (the South African prime overdraft rate) had been 2% per annum (2023: 2%) higher or lower during the period, with all other variables held constant, profit or loss after tax for the year would have been R1,135,232 (2023: R1,118,798) lower or higher.

37. Segmental information

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses and the results are reviewed regularly by executive management to make decisions about and to assess the performance of the segment. These operating results are currently being reported to and reviewed by executive management on the basis of each individual property.

The properties have therefore been aggregated into operating segments based on those that have similar economic characteristics and where they are expected to exhibit similar long-term financial performance. Properties within each of the operating segments are similar in nature and are therefore expected to be impacted similarly by relevant market conditions such as rental escalations, vacancy rates, growth rates and are expected to have similar capitalisation rates and discount rates. The operating segments reported on in Annexure 1 are expected to provide more useful information in evaluating the nature and financial effects of these properties and the economic environment in which they operate.

Refer to Annexure 1 for the segment information of the group.

38. Events after the reporting period

As disclosed in note 36, in the liquidity risk section, the R2 million omnibus guarantee provided for the group's Standard Bank of South Africa Limited overdraft facility has been increased to R5 million in March 2024. Furthermore, the Standard Bank of South Africa Limited overdraft facility has been increased from R2 million to R4,5 million.

No other matter which is material to the financial affairs of the group has occurred between the reporting date and the date of the approval of these annual financial statements.

39. Going concern

The board has carefully considered the sustainability of the business and has assessed the Group and Company's ability to continue as a going concern. The assessment includes solvency and liquidity tests and the continuous monitoring of debt covenants and cash flow forecasts for the next 12 months. The following uncertainties were also considered:

Access to liquidity

Stressed market conditions may impact debt funders' risk appetite and limit access to liquidity. Lenders are continuously engaged in order to optimise the credit facilities currently in place.

Debt covenants

As at 29 February 2024, no covenants were breached.

Provision for credit losses

The provision for credit losses and write-off of unrecoverable amounts may increase as tenants' businesses are impacted by economic challenges. The collection percentage for the financial year was 97%.

Conclusion

It was concluded that the Group and Company are in sound financial positions and have adequate resources and banking facilities to meet its foreseeable cash requirements. As at 29 February 2024 the Group had a positive net asset value and the liquidity position was deemed sufficient. Considering the outcomes of the solvency and liquidity projections, the Group will be solvent and liquid, and the directors are confident in the ability of the Group to continue as a going concern and have no reason to believe that the Group will not be a going concern in the year ahead. The directors have therefore concluded that it is appropriate to adopt the going concern basis in preparing the consolidated and separate annual financial statements.

Annexure 1: Segmental analysis

ANNEXURE 1
SEGMENTAL ANALYSIS

For the period ending 29 February 2024

	Office	Warehouse	Retail warehouse	Other	Foreign	Total
Revenue						
Revenue from rental of investment property						
Rental income (straight-line basis)	14 921 508	5 070 873	3 932 187	-	-	23 924 568
Lease incentive amortisation (straight-line basis)	(235 277)	-	-	-	-	(235 277)
Straightlining lease adjustments (straight-line basis)	(1 197 414)	2 165 213	(2 027 347)	-	-	(1 059 549)
Revenue from contracts with customers		-				-
Recoveries: Electricity, water, refuse ,rates and taxes (over time)	5 176 447	1 166 980	593 880	-	-	6 937 307
Other operating income	25 217	73 415	-	316 758	-	415 390
Net fair value gains	(2 401 163)	7 952 772	(808 054)			4 743 555
Movement in credit loss allowances	28 415	-	-	-		28 415
Property related expenditure	(7 926 663)	(1 044 417)	(1 051 568)	-		(10 022 648)
Segment profit	8 391 071	15 384 836	639 097	316 758	-	24 731 762
Non property related expenses	(9 300 135)	(1 548 217)	(26 300)	(37 291)	(143 791)	(11 055 734)
Net operating profit	**(909 064)**	**13 836 619**	**612 797**	**279 467**	**(143 791)**	**13 676 027**
Investment income	739 741	165 158	96 518	451 338	-	1 452 755
Finance cost	(251 026)	(3 875 549)	(3 622 707)	(8 453 126)	-	(16 202 408)
Income from equity accounted investment	-	416 535		5 475		422 010
Profit/(loss) before taxation	**(420 349)**	**10 542 763**	**(2 913 393)**	**(7 716 846)**	**(143 791)**	**(651 616)**
Assets						
Non-Current Assets	172 896 958	128 372 221	49 425 000	5 658 476	4 847 000	361 199 655
Non-current assets held for sale	-	-	-			-
Current Assets	3 813 045	6 281 553	-	374	9 895	10 104 867
Total Assets	**176 710 004**	**134 653 774**	**49 425 000**	**5 658 849**	**4 856 895**	**371 304 522**
Liabilities						
Non-Current Liabilities						
Non-Current Liabilities	25 772 713	70 507 629	30 012 521	76 068 702		**202 361 565**
Current Liabilities	5 275 590	16 427 538	4 839 096	1 403 727	90 225	**28 036 176**
Liabilities of disposal group		-				-
Total Liabilities	**31 048 303**	**86 935 167**	**34 851 617**	**77 472 429**	**90 225**	**230 397 741**
Additions to non-current assets: Investment property	425 946	13 436	-	-	-	439 382

In the office segment, there is a single customer who accounts for R5,866,548, which is 19% of the segment revenue.
The total non-current assets includes an amount of R4,847,000 in the Other sector that relates to Heartwood Ventures UK.

For the period ending 28 February 2023

	Office	Warehouse	Retail warehouse	Other	Foreign	Total
Revenue						
Revenue from rental of investment property						
Rental income (straight-line basis)	15 252 706	4 067 654	4 250 720	-	-	23 571 080
Lease incentive amortisation (straight-line basis)	(235 277)	-	-	-	-	(235 277)
Straightlining lease adjustments (straight-line basis)	(701 988)	1 045 740	1 610 781	-	-	1 954 533
Revenue from contracts with customers		-				-
Recoveries: Electricity, water, refuse ,rates and taxes (over time)	4 763 909	808 033	458 469	-	-	6 030 411
Other operating income	173 442	-	-	393 534		566 976
Net fair value gains	(320 671)	6 206 845	808 054		180 399	6 874 627
Movement in credit loss allowances	343 912	-	-	-		343 912
Property related expenditure	(7 655 380)	(1 423 453)	- 664 846	-		(9 743 680)
Segment profit	11 620 654	10 704 818	6 463 177	393 534	180 399	29 362 582
Non property related expenses	(10 871 072)	(203 051)	-	(46 652)	(157 827)	(11 278 601)
Net operating profit	**749 582**	**10 501 767**	**6 463 177**	**346 882**	**22 572**	**18 083 981**
Investment income	120 758	380 372	26 958	482		528 570
Finance cost	(9 838)	(1 609 679)	- 2 433 034	(6 501 851)		(10 554 402)
Income from equity accounted investment		1 441 015				1 441 015
Profit/(loss) before taxation	**860 502**	**10 713 475**	**4 057 102**	**(6 154 487)**	**22 572**	**9 499 164**
Assets						
Non-Current Assets	174 005 831	55 032 178	52 100 000	4 891 578	4 413 200	**290 442 787**
Non-current assets held for sale	-	35 236 623	-			**35 236 623**
Current Assets	8 064 324	7 435 713	480 653	154 829	7 536	**16 143 055**
Total Assets	**182 070 155**	**97 704 514**	**52 580 653**	**5 046 407**	**4 420 736**	**341 822 465**
Liabilities						
Non-Current Liabilities						
Non-Current Liabilities	26 820 066	30 542 601	29 739 779	77 061 453		**164 163 899**
Current Liabilities	5 237 578	15 861 827	640 229	1 091 447	81 644	**22 912 725**
Liabilities of disposal group		12 594 148				12 594 148
Total Liabilities	**32 057 644**	**58 998 576**	**30 380 008**	**78 152 900**	**81 644**	**199 670 772**
Additions to non-current assets: Investment property	368 890	47 616 527	-	-	-	47 985 417

In the office segment, there is a single customer who accounts for R5,983,276, which is 19% of the segment revenue.
The total non-current assets includes an amount of R4,413,200 in the Other sector that relates to Heartwood Ventures UK.

Annual Report Supplementary Information – CTSE Listing Requirements

1. Annual Compliance Declaration

Annual declaration

Shareholders are advised that the directors of Heartwood Properties are aware of their responsibilities in terms of the Cape Town Stock Exchange Listing Requirements and complies with the Cape Town Stock Exchange Listing Requirements, save for the following:

Securities in Public Hands

Heartwood Properties currently has 95 (2023: 80) public shareholders, which is less than the prescribed number of 100 public shareholders in accordance with paragraph 6.26 of the Cape Town Stock Exchange Listing Requirements. At listing, Heartwood Properties obtained dispensation from Cape Town Stock Exchange not to comply with the prescribed spread requirements, on the basis that the Company would embark on a series of capital raisings and potential acquisitions (consideration to be settled by way of Heartwood Properties shares) in order to achieve the required spread requirements. Although the Company has conducted a series of capital raisings, Heartwood Properties has not yet achieved the 100 public shareholders and, as such, not fully complied with the spread requirements. The Company remains committed to increase its required public spread to at least 100 public shareholders.

2. Subsidiaries

Name of company	% Holding 2024	% Holding 2023	Country of Incorporation	Country of Operation	Main Business
Fargofor Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Velvet Moon Properties 93 Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Utter Velvet Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Nictokaybee Investments Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Erf733 Woodmead Ext 14 Proprietary Limited*	0%	80%	South Africa	South Africa	Property Investment
Heartwood Logistics 1 Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment
Heartwood Ventures UK Limited	100%	100%	United Kingdom	United Kingdom	Property Investment
Firgrove Developments Proprietary Limited	50% (joint venture)	50% (joint venture)	South Africa	South Africa	Property Investment
Heartwood Saxdowne Proprietary Limited	100%	100%	South Africa	South Africa	Property Investment

Heartwood Energy Proprietary Limited	100%	100%	South Africa	South Africa	Energy Investment
Heartwood RB Proprietary Limited	100%	100%	South Africa	South Africa	Dormant

**Held indirectly through Velvet Moon Properties 93 Proprietary Limited*

3. Shareholders who are beneficially interested in 5% (five) or more of the securities of the Company

According to the Company's register of shareholders, the following shareholders held, directly and indirectly, beneficially in excess of 5% (five percent) or more in the securities of the Company:

Name of shareholder	Number of shares held	% Interest	Direct/ Indirect
Skyscraper Property Investments Proprietary Limited*	25 438 195	18.48%	Direct
Whall Property Group Proprietary Limited*	24 599 185	17.88%	Direct
Cornop Properties Proprietary Limited*	18 571 097	13.49%	Direct
Montagu Commercial Developments Proprietary Limited	15 631 144	11.36%	Direct
Martin Radford Evans*	10 596 780	7.70%	Direct
The Alpha Trust	9 938 882	7.22%	Direct
Morulat Property Investments 2 Proprietary Limited	7 352 941	5.34%	Direct

**Represents shareholding of a director. Refer to note 7 of the Directors' Report for details of shares held by each director.*

4. Board and Board Sub-Committee Members and Meeting Attendance

Main Board	Meeting Date	
	25 May 2023	**16 November 2023**
LJ Whall	Attended	Attended
JH Scher	Attended	Attended
AG Utterson	Attended	Attended
J Dumas	Attended	Attended
BR Seeff	Attended	Attended
MR Evans	Attended	Attended
P Gent	Attended	Attended

Board Committee: Audit and Risk Committee	**Meeting Date**		
	25 May 2023	**16 November 2023**	**22 February 2024**
P Gent	Attended	Attended	Attended
BR Seeff	Attended	Attended	Attended
JH Scher	Attended	Attended	Attended
LJ Whall	Attended	Attended	Attended
J Dumas	Attended	Attended	Attended
AG Utterson	Attended	Attended	-
MR Evans (attendance by invitation)	Attended	Attended	Attended

5. Unexpired service contracts

The executive directors of the Company have entered into open-ended employment contracts with the Company. These office-bearers can terminate their employment with the Company within 3 (three) months of providing such written notice. Furthermore, the Company has not entered into any service contracts with the non-executive directors of the company. The non-executive directors are subject to the resignation and rotation provisions of the Company's memorandum of incorporation. In accordance with clause 27.3 of Heartwood Property's memorandum of incorporation, the resignation and rotation provisions stipulate that each director (non-executive) of the Company shall serve a term not exceeding 3 (three) years and will be eligible for re-election at the end of such term.

Shareholders are referred to note 35 – Directors' Emoluments of the financial statements for the year ended 29 February 2024 for the emoluments paid to the directors of Heartwood Properties.

6. Issue of Securities

There were no issue of securities during the financial year ended 29 February 2024.

7. Details of all Contracts of Significance, other than contracts which have been entered into by the Company in the ordinary course of business

The directors of the Company are not aware, having made due and careful enquiry, of any contracts involving cash flows amounting to or valued equal to 10% (ten percent) or more of the aggregate of the Group's share capital and reserves in which a Director or Controlling Shareholder was materially interested, either directly or indirectly.