



**AFINE
INVESTMENTS**

AFINE INVESTMENTS LIMITED
(formerly Domanolor Proprietary Limited)
APPROVED FOR LISTING AS A REIT
(Incorporated in the Republic of South Africa)
Registration number 2020/852422/06
JSE share code: ANI ISIN: ZAE000303947
("Afine" or "the Company" or "the Group")

**ABRIDGED PRE-LISTING STATEMENT: LISTING OF AFINE BY WAY OF INTRODUCTION ON THE
ALTERNATIVE EXCHANGE ("AltX") OF THE JSE LIMITED ("JSE")**

This abridged pre-listing statement is not an invitation to the public to subscribe for shares in the Company, but is issued in compliance with the JSE Listings Requirements for the purpose of providing information to investors regarding the business and affairs of Afine and is issued in respect of a listing as a REIT by way of introduction, of all the issued shares of the Company on AltX with effect from commencement of trade on Thursday, 9 December 2021. The shares are being listed at a listing price of R3.67 per share, with the initial market capitalisation of the Company being approximately R235 million and property assets valued by the Independent Property Valuer at R307 million, exceeding R300 million in accordance with the JSE Listings Requirements for a REIT.

This announcement contains the salient information in respect of Afine, which is more fully described in the full pre-listing statement dated Thursday, 25 November 2021 ("**Pre-listing Statement**"), which can be found on the website of the Company at <https://www.afineinvestments.com/investors>. For a full appreciation and understanding of Afine and the Listing, the Pre-listing Statement should be read in its entirety.

Terms defined in the Pre-listing Statement bear the same meaning in this abridged pre-listing statement.

1. Introduction

The JSE has granted Afine approval for a primary listing of all of the Company's shares, being, 64 000 000 ordinary shares of no par value in the "Other Speciality REITs" sector on AltX, in terms of the FTSE classification, under the abbreviated name: "Afine", JSE share code: "ANI" and ISIN: ZAE000303947, with effect from the commencement of trade on Thursday, 9 December 2021. Afine has 10% of the issued Shares held by public shareholders at the point of listing on the JSE and an additional 5% of existing shares will be made available by the controlling shareholder, KSP Offshore Limited, to facilitate tradability in the shares of Afine. Confirmation of achievement of spread of public shareholders has been submitted to the JSE.

Immediately prior to the Listing, the authorised shares of the Company comprised 1 000 000 000 shares of no par value and the issued shares of the Company comprised 64 000 000 shares of no par value. The Company has no treasury shares.

2. History and nature of business

- 2.1 Afine was incorporated as a private shelf company on 12 November 2020 under the name "Domanolor Proprietary Limited", which was acquired by the Founder and which name was changed to "Afine Investments Proprietary Limited" on 10 March 2021. The Company was converted to a public company on 11 May 2021.
- 2.2 The Company's financial year-end is the end of February, with its second reporting period being at 28 February 2022. The Company was incorporated as the holding company for the purpose of listing on AltX. As at the Last Practicable Date, the Group's property portfolio had a gross asset value of approximately R307 300 000.
- 2.3 The Company is listing as a REIT on AltX, and holds a portfolio of income generating immovable properties focused primarily in the petroleum sector, strategically located in four of South Africa's nine provinces.
- 2.4 The nature of the revenue of the Company is as follows:

Contracted with oil majors:

- Land rental – received from an oil major for the site;
- Development rental – received from an oil major for the developed property;
- Volumetric rental also referred to as rebates – calculated on fuel sales, being additional income received above a base fixed rental streams (note that the petrol pump price is based on the RAS, which price includes the profit on fuel sales, Volumetric rental can be a fixed portion or a percentage of RAS; and
- Refurbishment Rental – being applied when the project needs to be upgraded, and

Contracted with other parties:

- Other rental – comprising income from alternative profit opportunities, which is immaterial, such as ATM rentals, food offerings, E-Toll Offices and car washes.

All of the above rental is fully contracted, with approximately 99% being contracted with Engen and Sasol. The Company does not have any vacancies at the Last Practicable Date.

- 2.5 Afine was founded by Peter Todd, with strategic input from Mike Watters, both of whom are notable investors and operators in the REIT space, with the purpose of creating a holding company for a REIT focussing on the acquisition of properties that operate in the petroleum sector in South Africa.

After a property acquisition, Afine will conclude a lease agreement with an oil major, such as Sasol and Engen. Afine is not involved in the operations of the underlying petrol filling station thus making the administration of Afine very simple.

The Company's first investments involved the acquisition of an interest in five PFS properties from the PFS Vendors in February 2021, namely Sasol Piet Retief, Sasol Somerset West, Sasol Grassnyers, Sasol Protea Park and Sasol Parkdene. A further PFS property was acquired in two phases with 50% of Lizalor Investments being acquired in February 2021 and the remaining 50% of that company (which holds the leasehold rights in Engen Platinum One Stop), and 100% of Coral Lagoon Investments, in May 2021, which holds Engen Riverside Nelspruit.

The four PFS vendors are Investment Facility Company Three Three Six, Katherine Street Properties, Lyndham Trust and Petroland and further details are set out in Annexure 15 of the Pre-listing Statement. Petroland will continue to assist Afine with the administration of the various properties, whilst the other PFS Vendors will not have any further operational involvement.

On 4 November 2021, Afine entered into the Petroland Administration Agreement in terms of which Petroland will provide administration services to the Company, also providing the Company with the CEO and CFO, who will manage Afine on a part-time basis. The part time role was preapproved by the JSE ahead of the listing of Afine due to the limited time required to manage the business.

Afine also has a right of first refusal on all new petrol filling station development projects identified by Petroland, thereby ensuring that Afine will have priority. Currently no new acquisitions have been identified but the experience, expertise, industry knowledge and network of Petroland is expected to bring pipeline opportunities to Afine.

To the extent there are any conflicts of interest, the Directors who may have an interest in the transaction will be recused from the decision-making process in accordance with the Act.

All the properties acquired by Afine are established petrol filling stations with various licences and rights in place. The responsibility for licencing rests with both the operator of the filling station as well as the property owner.

Set out in Annexure 17 of the Pre-listing Statement is the specific information on each of the properties included in the Group's property portfolio.

There have been no disposals by the Company since its incorporation until the Last Practicable Date.

3. Prospects

The recent trend in REIT investment demand from investors has been for specialised REITs over generalised portfolios. This has gathered momentum with specialisations in logistics (Equities Property Fund Limited), self-storage (Stor-Age Property REIT Limited), and multi-let industrials (Stenprop Limited, Sirius Real Estate Limited). Until recently, ownership of petrol service stations in South Africa was not concentrated in a REIT structure.

Afine's objective is to consolidate ownership through a REIT structure, with an acquisition strategy to grow the business substantially over the next five to 10 years from a solid base and with deep industry knowledge, experience and networks.

According to the South African Petroleum Industry Association (SAPIA) there are approximately 4 600 service stations in South Africa of which 75% are under the effective control of Oil Companies. Therefore, Afine is well positioned to target more than a thousand service stations to add to its current network. The principle that Afine will apply is to identify service stations with similar locations and turnover figures as its existing network. The Afine Chairman, CEO and CFO have built extensive contacts in and knowledge of the South African service station over the past 30 years that will be utilised in growing Afine's business.

In relation to the future trend of electric vehicles, it is anticipated that PFS will continue to provide a vital service to motorists via the convenience store, electrical recharging and car maintenance facilities, etc. According to a global ranking by the Munich Mobility Show, globally there are approximately 10 million Electric Vehicles ("EV's") on the roads, of which only 1509 EV's are on South African roads. The EV future creates a massive opportunity for recharge stations at all strategically positioned service station facilities. According to a PwC Report (*Unlocking South Africa's Hydrogen Potential dated October 2020*) South Africa also has an unprecedented opportunity to capitalise on the rapidly developing global hydrogen economy. Therefore, additional to EV's, South Africa has world-class renewable potential that can be leveraged to supply clean energy to the world and transform the domestic economy, creating additional opportunities to supply energy to motorists. This is a future potential opportunity that the Directors will monitor closely. The Directors are confident that the future will be largely unaffected by the electrical car and/or any other clean energy trend, as the Directors firmly believe that the Board, together with all the role-players in the industry (namely the Oil Companies), will constantly ensure that the Company positions itself to reap maximum benefit from any future trends in the supply of energy to motorist.

The potential impact of Covid-19 on property values will only become more measurable and quantifiable with certain accuracy in forthcoming years as the world progresses through the recovery of this pandemic. However, as at the Last Practicable Date, the impact of Covid-19 has been immaterial in relation to the rental on the properties owned by Afine due to the long-term nature of the leases and the tenants being two large oil majors, namely Sasol and Engen. The rental income is not impacted by lockdown or service delivery issues.

With a solid and reliable income stream diversified across various provinces in South Africa and Afine listing as a specialised REIT, the prospects for Afine are considered to be strong and the Board believes that its strategy to acquire additional petrol filling stations will present an attractive investment opportunity for both investors and property owners looking to diversify their returns.

4. Directors

The Board currently comprises five Directors, three of which are non-executives (of whom two are independent). There are no other office holders. The full names, ages, business addresses, qualifications, positions and experience of the Directors, all of whom are South African nationals, save for MJ Watters (who holds both South African and British citizenship) and PA Todd (who holds British citizenship) are outlined below:

Full name and age	Michael John (Mike) Watters (62)
Business address	3 Regents Walk, Ascot, Berkshire, United Kingdom
Qualifications	BSc Eng (Civil), GDE, MBA
Position	Independent non-executive Director (Chairman)
Full name and age	Darryl Kohler (64)
Business address	Wellington House, Rise Road, Ascot, Berkshire, United Kingdom
Qualifications	BSc Eng (Civil), GDE
Position	Lead independent non-executive Director

Full name and age	Johannes Theodorus (Anton) Loubser (60)
Business address	Unit 4602, Greenways, Strand
Qualifications	B.Comm (Financial Management)
Position	Chief Executive Officer
Full name and age	Johan Theo (JT) Loubser (32)
Business address	Unit 4602, Greenways, Strand
Qualifications	B.Comm (Financial Management and Financial Accounting)
Position	Chief Financial Officer
Full name and age	Peter McAllister Todd (62)
Business address	S1 AO Residences, Royal Road, Grand Baie, Mauritius
Qualifications	BCom LLB, HDip Tax
Position	Non-executive Director

The JSE has agreed to the part-time appointment of Anton Loubser and JT Loubser as the CEO and CFO, respectively, of Afine due to the current limited operational requirements of the Company, i.e. the Company's current portfolio of seven properties does not warrant the cost associated with the appointment of two full-time executives at present. However, the Board and the Audit and Risk Committee will assess the appointment of a full-time CEO and CFO, respectively, on an annual basis, and report on such assessment in the Company's annual report.

As at the Last Practicable Date, the Board and the Audit and Risk Committee have assessed and have satisfied themselves as to the appointment of Anton Loubser and JT Loubser as CEO and CFO, respectively, on a part-time basis until such time as the operational capacity of the Company increases to such extent that would require these positions to be filled on a full-time basis.

5. **Property and asset management and administration of properties**

The asset management and property management functions of the Company have been internalised. The Board, which comprises a team of well-qualified and highly experienced individuals, manage the properties as well as acquisitions and disposals and such services are not outsourced, therefore no additional fees will be levied against Afine other than for administration services.

6. **Property forecast information**

Set out below are the forecast statement of profit or loss and other comprehensive income ("**Property Forecast Information**") for the years ending 28 February 2022 and 28 February 2023.

The Property Forecast Information, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors of Afine.

The Property Forecast Information has been prepared in compliance with IFRS and in accordance with Afine's accounting policies.

PROFIT OR LOSS FORECAST

Figures in Rand	28 February 2022	28 February 2023
Revenue		
Rental Income	37 609 010	34 556 440
Revenue straight-line adjustment	3 859 272	1 159 344
	41 468 282	35 715 784
Other operating expenses	4 711 281	2 444 481
Other operating gains (bargain purchase)	55 559 228	-
Operating profit	92 316 229	33 271 303
Finance costs	(4 879 500)	(6 252 098)
Finance income	209 250	-
Fair value adjustments	129 466 954	-
Profit for the year	217 112 933	26 918 772
Dividend distribution	(26 000 000)	(25 000 000)
Transfer to retained income for the year	191 112 933	1 918 772

A reconciliation of the profit for the year to expected attributable earnings is set out below:

Figures in Rand	28 February 2022	28 February 2023
Profit for the year	217 112 933	26 918 772
Revenue straight-line adjustment	3 859 272	1 159 344
Bargain purchase	55 559 228	-
Fair value adjustments	129 466 954	-
Attributable income	28 227 479	25 759 428
Percentage distribution	92.11%	97.05%
Expected dividend distribution	26 000 000	25 000 000

EARNINGS PER SHARE

Number of shares outstanding	64,000,000	64,000,000
Basic earnings per share (cents per share)	339.24	42.06
Less fair value adjustments (cents per share)	202.29	-
Less Bargain purchase (cents per share)	86.81	-
Headline earnings per share (cents per share)	50.14	42.06
Diluted earnings per share (cents per share)	339.24	42.06
Less fair value adjustments (cents per share)	202.29	-
Less Bargain purchase (cents per share)	86.81	-
Diluted headline earnings per share (cents per share)	50.14	42.06

The figures set out above are extracted from detailed forecasts for the years ending 28 February 2022 and 28 February 2023 and have been reported on by the Independent Reporting Accountant, PKF Octagon Incorporated. The Independent Reporting Accountants' report on the Property Forecast Information is included in the Pre-listing statement.

An interim dividend distribution of R16 million has already been declared and was paid on 15 November 2021.

7. Interim financial information for the 6 month period ended 31 August 2021

An extract of the reviewed interim financial information of Afine for the 6 month period ended 31 August 2021 is set out below.

CONDENSED STATEMENT OF FINANCIAL POSITION

Figures in R	Notes	Reviewed	Audited
		31 August 2021	28 February 2021
Assets			
Non-current assets			
Investment property	3	307,300,000	10,946,000
Equity accounted investments		-	13,237,836
Total non-current assets		307,300,000	24,183,836
Current assets			
Trade and other receivables		158,185	6,065,436
Listed investments	5	11,234,025	-
Cash and cash equivalents		3,884,462	228,412
Total current assets		15,276,672	6,293,848
Total assets		322,576,672	30,477,684
Equity and liabilities			
Equity			
Issued capital		5,302,000	6,002,000
Retained income / (accumulated los		174,473,206	(1,195,848)
Total equity		179,775,206	4,806,152
Liabilities			
Non-current liabilities			
Deferred tax liabilities		59,336,282	2,358,101
Bank loans		31,472,729	-
Total non-current liabilities		90,809,011	2,358,101
Current liabilities			
Trade and other payables		878,529	100,524
Current tax liabilities		268,547	14,736
Other financial liabilities		-	382,616
Bank loans		9,373,394	-
Loans from related parties		41,471,985	22,815,555
Total current liabilities		51,992,455	23,313,431
Total liabilities		142,801,466	25,671,532
Total equity and liabilities		322,576,672	30,477,684

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in R	Notes	Reviewed 6 months ended 31 August 2021	Audited 1 month ended 28 February 2021
Revenue	6	21,834,984	-
Other expenses		(2,014,625)	-
Profit from operating activities		19,820,359	-
Gain on bargain purchase in a business combination		55,627,004	2,756,004
Fair Value adjustment		131,854,000	-
Finance income		121,997	-
Finance costs		(2,183,940)	-
Share of loss from equity accounted investments		-	(3,951,852)
Profit / (loss) before tax		205,239,420	(1,195,848)
Income tax expense		(29,570,366)	-
Profit / (loss) for the period		175,669,054	(1,195,848)
Earnings per share from continuing and discontinuing operations attributable to owners of the parent during the period			
Basic earnings per share			
Basic earnings / (loss) per share	7	274.4829	(1,868.5100)
Diluted earnings per share			
Diluted earnings / (loss) per share	7	274.4829	(1,868.5100)
Headline earnings per share			
Headline earnings per share	7	27.7475	-

The figures set out above have been reported on by the Independent Auditor, PKF Pretoria Incorporated. The Independent Auditors' report on the interim financial information of Afine for the 6 month period ended 31 August 2021 is included in the Pre-listing statement.

8. Salient dates and times

	2021
Abridged Pre-listing Statement published on SENS on	Thursday, 25 November
Listing of Afine Shares under the abbreviated name "Afine", share code "ANI" and ISIN ZAE000303947, on AltX at commencement of trade on	Thursday, 9 December

Notes

1. The above dates are subject to change. Any such change will be announced on SENS.
2. All references to dates and times are to local dates and times in South Africa.

9. Availability of the Pre-listing Statement

Copies of the Pre-listing Statement may be obtained from the Company's website at <https://www.afineinvestments.com/investors> from Thursday, 25 November 2021 or on request from the Designated Advisor or Company Secretary of Afine.

25 November 2021

Corporate Advisor



Designated Advisor



Independent
Reporting
Accountant



Independent
Property Valuer

