

AFINE INVESTMENTS LIMITED

PROVISIONAL SUMMARISED CONSOLIDATED
ANNUAL FINANCIAL RESULTS
for the year ended 28 February 2022



**AFINE
INVESTMENTS**



AFINE INVESTMENTS

AFINE INVESTMENTS LIMITED
APPROVED 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")

AUDITED RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2022 AND DECLARATION OF MAIDEN CASH DIVIDEND NUMBER 1

CONDENSED STATEMENT OF FINANCIAL POSITION

Figures in Rand	Audited 28 February 2022	Audited 28 February 2021
Assets		
Non-current assets		
Investment property	281 516 820	10 946 000
Straight line rental accrual	20 174 262	-
Equity accounted investments	-	13 237 836
Total non-current assets	301 691 082	24 183 836
Current assets		
Trade and other receivables	305 021	6 065 436
Cash and cash equivalents	7 663 890	228 412
Total current assets	7 968 911	6 293 848
Total assets	309 659 993	30 477 684
Equity and liabilities		
Equity		
Issued capital	5 202 000	6 002 000
Retained income / (accumulated loss)	222 201 727	(1 195 848)
Total equity	227 403 727	4 806 152
Liabilities		
Non-current liabilities		
Borrowings	26 600 994	-
Deferred tax liabilities	-	2 358 101
Loans from related parties	42 340 319	-
Total non-current liabilities	68 941 313	2 358 101
Current liabilities		
Trade and other payables	2 399 933	100 524
Current tax liabilities	275 824	14 736
Provisions	315 000	-
Borrowings	10 324 196	382 616
Loans from related parties	-	22 815 555
Total current liabilities	13 314 953	23 313 431
Total liabilities	82 256 266	25 671 532
Total equity and liabilities	309 659 993	30 477 684

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Rand	Audited year ended 28 February 2022	Audited 1 month ended 28 February 2021
Revenue	33 596 937	-
Other expenses	(5 222 261)	-
Profit from operating activities	28 374 676	-
Gain on bargain purchase in a business combination	25 151 661	2 756 004
Fair Value adjustments	160 885 989	-
Finance income	282 496	-
Finance costs	(5 063 176)	-
Share of loss from equity accounted investments	-	(3 951 852)
Profit / (loss) before tax	209 631 646	(1 195 848)
Income tax	29 765 929	-
Profit / (loss) for the period	239 397 575	(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	469.06	(1 868.51)
Diluted earnings per share		
Diluted earnings / (loss) per share	469.06	(1 868.51)
Headline earnings per share		
Headline earnings per share	46.23	-

CONDENCED STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Retained income / (accumulated loss)	Total
Balance at 1 February 2021	-	-	-
Changes in equity			
Loss for the period	-	(1 195 848)	(1 195 848)
Total comprehensive income for the period	-	(1 195 848)	(1 195 848)
Issue of shares	6 002 000	-	6 002 000
Balance at 28 February 2021	6 002 000	(1 195 848)	4 806 152
Balance at 1 March 2021	6 002 000	(1 195 848)	4 806 152
Changes in equity			
Profit for the year	-	239 397 575	239 397 575
Total comprehensive income for the year	-	239 397 575	239 397 575
Listing expenses paid from equity	(800 000)	-	(800 000)
Dividend distributions	-	(16 000 000)	(16 000 000)
Balance at 28 February 2022	5 202 000	222 201 727	227 403 727

CONDENCED STATEMENT OF CASH FLOWS

Figures in Rand	Audited year ended 28 February 2022	Audited 1 month ended 28 February 2021
Cash generated from operations	34 077 813	-
Interest received	282 496	-
Net cash flows generated from operating activities	34 360 309	-
Cash flows from investing activities		
Acquisition of subsidiaries	(24 191 202)	-
Cash acquired through business combinations	2 501 810	228 412
Cash flows (used in) / generate from investing activities	(21 689 392)	228 412
Cash flows from financing activities		
Listing expenses paid from equity	(800 000)	-
Proceeds of loans from related parties	41 000 000	-
Repayment of loans from related parties	(22 815 555)	-
Issue of shares	6 002 000	-
Repayment of borrowings	(8 418 722)	-
Finance costs paid	(4 203 162)	-
Dividends paid	(16 000 000)	-
Cash flows used in from financing activities	(5 235 439)	-
Net increase in cash and cash equivalents	7 435 478	228 412
Cash and cash equivalents at beginning of the year / period	228 412	-
Cash and cash equivalents at end of the year / period	7 663 890	228 412

BASIS OF PREPARATION

The Board of Directors of Afine (“**the Board**”) presents the condensed consolidated results for the year ended 28 February 2022. The results have been prepared in accordance with the requirements of the South African Companies Act, 71 of 2008, as amended, the JSE Listings Requirements, as well as the framework concepts and the recognition and measurement principles of International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board, including IAS 34 *Interim Financial Reporting*. The accounting policies used in the preparation of the year-end results are in terms of IFRS and are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 28 February 2021.

These condensed consolidated financial statements were compiled by IQ EQ South Africa (Pty) Ltd under the supervision of Mr JT Loubser. These results have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

These abridged consolidated financial statements have been extracted from the audited consolidated annual financial statements. A copy of the audited consolidated financial statements and the auditor’s unmodified audit report is available for inspection at the Company’s registered office.

The directors take full responsibility for the preparation of the abridged consolidated financial statements and confirm that the financial information has been correctly extracted from the underlying consolidated annual financial statements. The auditors’ report does not necessarily cover all of the information contained in this financial report. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditors’ work, they should obtain a copy of that report together with the accompanying financial information from the Company’s registered office.

DIRECTORS’ COMMENTARY

Afine listed 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 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.

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 year end, the Group’s property portfolio had a gross asset value of approximately R301 691 082.

The Company holds a portfolio of income generating immovable properties focused primarily in the petroleum sector, strategically located in four of South Africa’s nine provinces.

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 as at the date of this announcement.

The Company’s first investments involved the acquisition of an interest in five petrol filling stations (“**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 March 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 which is available on the Company's website. 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.

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.

Listing on the JSE

The Company was successfully admitted to trading on JSE AltX on 9 December 2021 and consequently this is the first financial year-end report as a listed entity. The positive investor response to the listing was very encouraging with demand for Afine shares beating expectations. At the year-end reporting date, the Company's shareholder base exceeded 2 000 shareholders, with reasonable liquidity being achieved.

COMMENTARY ON RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2022

The Board is pleased to present its first full set of results as a listed company for the year ended 28 February 2022.

Revenue comprised of rental income, recoveries of costs related to operating leases, and commission earned on contracts from customers.

The revenue straight-line adjustment is done in accordance with IFRS and is non-cash flow in nature.

Investment property was acquired through business combinations of R160 867 547. Revaluations were performed during the year ended 28 February 2022, resulting in a total revaluation of R134 043 099. A straight-line rental accrual was also recognised at R4 165 564 during year ended 28 February 2022.

Other income comprises of expense recoveries and gains on foreign exchange.

Operating expenses amounted to R5 222 261 and relate primarily to the costs associated with being a listed company.

Interest income arose from cash held with banks, money market investments and call accounts.

Finance costs arose from the loan facilities held with major financial institutions and a loan account from a shareholder.

Trading Performance

The Company's specialist sector skills and focussed operating model enabled Afine to deliver performance ahead of expectations and, pleasingly, report no setbacks from Covid enforced lockdowns, during the period.

The portfolio retained a 100% occupancy rate during the financial year and reports from the oil company tenants were very positive about underlying trading conditions.

Rental collection rates were at 100% throughout the reporting period, resulting in a strongly positive working capital position.

Financial Performance

The reporting period was the first full period that the Company owned 100% of the property assets. As such comparison with historic performance is not directly comparable. A more appropriate indicator of performance is a comparison to the forecast information contained in the Pre-listing Statement issued prior to listing.

The Group's property portfolio performed in line with expectations as disclosed below in the profit forecast contained in this report. Operating expenses, finance costs and non-cash items were largely in line with forecast resulting in attributable earnings increasing in line with revenue.

The directors are pleased to therefore report a distribution for the year of R16m, with a subsequent to year end final distribution of R17,79m, relating to the 28 February 2022 financial year. This resulted in an increase of 29.96% over the original forecast.

A final distribution of 27.80 cents per share has been declared payable to all shareholders registered 28 February 2022.

RECONCILIATION OF BASIC EARNINGS TO HEADLINE EARNINGS

	28 February 2022 Audited R	28 February 2021 Audited R
Basic Earnings	239 397 575	(1 195 848)
Adjustments		
Share of loss from equity accounted investments	-	3 951 852
Bargain purchase	(25 151 661)	(2 756 004)
Fair value adjustments	(160 885 989)	-
Income tax	(29 765 929)	-
Headline Earnings	23 593 996	-
Share information:		
Weighted average number of shares	51 037 633	64 000
Basic earnings per share (cents)	469.06	(1 868.51)
Headline earnings per share (cents)	46.23	-

PROPERTY INFORMATION

Information regarding the Group's property portfolio

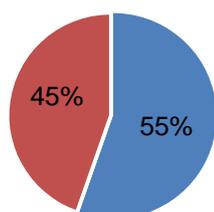
Set out below and based on the Property Forecast Information, are the following profiles of the properties:

Tenant	Tenant profile (Note 1)	Sector	Forecast Contracted Rental Income	Tenant profile by GLA
Engen	A	Oil major	55%	62%
Sasol	A	Oil major	45%	38%
Total			100%	100%

Note 1 - "A": large national tenants, large listed tenants, government and major franchisees;

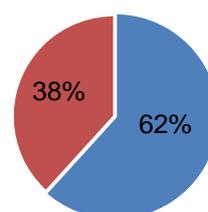
No uncontracted or near contracted rental has been included in the property forecast. There are no vacancies.

Tenant profile by forecast rental income



■ Sasol ■ Engen

Tenant profile by GLA



■ Sasol ■ Engen

Details of the geographic area, rentable area, material revenue and lease expiry profile are set out below.

The tenant profile per geographic area is set out below, based on monthly revenue, noting that the oil major rents out the entire site and thus weighted average rental and escalation per square metre is not disclosed as the information is not meaningful and is not used in this sector.

Province	Percentage	Tenants	Expiry profile	Rentable area (m ²)	Revenue
Gauteng	49%	Engen Platinum One Stop Sasol Parkdene	February 2028 October 2027	65 105	902 121
Mpumalanga	27%	Sasol Piet Retief Sasol Grassnyers Engen Riverside	December 2029 December 2029 November 2023	14 357	494 733
Western Cape	21%	Sasol Somerset West	December 2029	3 476	352 201
North West	3%	Sasol Protea Park	March 2029	2 737	67 718
Total	100%			85 675	1 816 773

Information regarding the Group's property portfolio (continued)

The lease expiry profiles, based on existing leases, by province, are set out in the table above. All the above leases, totalling a monthly revenue of R1 816 773 over a rentable area of 85 675 m², have a lease expiry profile of between November 2023 to December 2029. All the leases are in the petroleum sector.

A table setting out the lease expiry profile per annum is set out below:

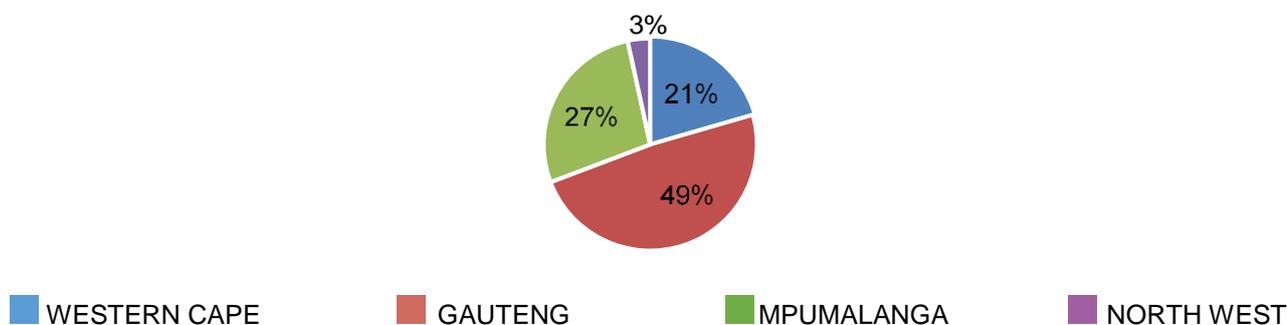
<i>Lease expiry profile</i>	Total GLA (%)	Total Revenue (%)
Vacant	0	0
February 2022	0	0
February 2023	0	0
February 2024	4.39	9.99
February 2025	0	0
February 2026	0	0
February 2027	0	0
February 2028	71.60	39.66
February 2029	24.01	50.35
Total	100.0	100.0

The weighted average rental per square meter by rentable area for the filling station sector is R21.21. It should be noted that this metric is not used in the rental of filling stations as they are typically rented based on the volume generated per site, irrespective of the size of the site.

The weighted average rental escalation for the total portfolio, based on existing leases, by rentable area, for the filling station sector is an average of 5%.

The average annualised property yield for the total portfolio is 10.46%.

Tenant profile by geography based on revenue



The Group's portfolio of income generating immovable properties focuses primarily in the petroleum sector. Accordingly, all of the above properties are used as service stations.

PROPERTY PORTFOLIO

Commercial – Gauteng and North West

Property company/name	Property address	Location	Site area (m2)	Value R000
Sasol Parkdene, Johannesburg	Erf 654 Parkdene Extension No.3, IR Division Gauteng	Boksburg	2 274	9 900 000
Sasol Protea Park, Rustenburg	Erf 1439 Proteapark Extension No.1, IQ Division NorthWest	Rustenburg	2 737	19 100 000
Engen, Doornpoort, Pretoria	Portion 150 and Portion 151 Doorpost No.295, JR Division	Pretoria	49 076	116 500 000

Commercial – Mpumalanga

Property company/name	Property address	Location	Site area (m2)	Value R000
Engen Riverside, Nelspruit	Erf 34 Riverside Park Extension No.4, JT Division Mpumalanga	Nelspruit	2 732	48 000 000
Sasol Piet Retief	Erf 1 Thandekile, IT Division Mpumalanga	Piet Retief	12 334	44 397 980
Sasol Grassnyers, Witbank	Erf 2490 Witbank Extension No.13, JS Division Mpumalanga	Witbank	2 023	21 972 496

Commercial – Western Cape

Property company/name	Property address	Location	Site area (m2)	Value R000
Sasol Somerset West	Erven 15848 and 15851 Somerset West	Somerset West	3 476	41 820 606

RELATED PARTY INFORMATION

Group companies

Ultimate holding company	KSP Offshore Limited
Holding company	Afine Investments Limited
Subsidiaries	Lizalor Investments (Pty) Ltd Thunder Cats Investments 78 (Pty) Ltd Clifton Dunes Investments 10 (Pty) Ltd Clifton Dunes Investments 79 (Pty) Ltd Investment Facility Company Three Three Six (Pty) Ltd Coral Lagoon Investments 163 (Pty) Ltd

Other related parties

Entity name	Nature of relationship
Petroland Group (Pty) Ltd	Common Management
Katherine Street Properties (Pty) Ltd	Common Management
Lyndham Trust	Common Management
Petroland Developments (Pty) Ltd	Common Management
KSP Offshore Limited	Shareholder
PM Todd	Director and Shareholder
JT Loubser (Jnr)	Director and Shareholder
JT Loubser (Snr)	Director with Indirect shareholding through family member
MJ Watters	Director and Shareholder

Figures in Rand	Audited 28 February 2022	Audited 28 February 2021
Related party balances		
Investment in joint venture		
Lizalor Investments (Pty) Ltd	-	13 237 836
Other receivables		
KSP Offshore Limited	-	6 002 000
Loans from related parties		
KSP Offshore Limited	42 340 319	-
Kathrine Street Properties (Pty) Ltd	-	504 742
Lyndham Trust	-	17 694 430
Petroland Group	-	4 616 383
Borrowings		
Katherine Street Properties (Pty) Ltd	-	88 120
Petroland Group (Pty) Ltd	-	224 000
Lyndham Trust	-	70 496
Related party transactions		
Management fees paid		
Petroland Group (Pty) Ltd	950 000	-
Petroland Developments (Pty) Ltd	803 636	-
Directors fees		
PM Todd	15 000	-
MJ Watters	15 000	-
D Kohler	15 000	-
Finance costs		
KSP Offshore Limited	860 014	-
Dividend distributions		
KSP Offshore Limited	16 000 000	-

Total number of shares held by the directors and related shareholders in which they have declared a personal financial interest as at 28 February 2022

	Direct		Indirect		Related	
	Shares	%	Shares	%	Shares	%
Non-Executive						
MJ Watters	130 000	0.20	-	-	-	-
PM Todd	-	-	46 160 321	72.13	-	-
D Kohler	-	-	-	-	-	-
Executive directors						
JT Loubser (Snr)	18 667	0.03	-	-	-	-
JT Loubser (Jnr)	7 125	0.01	-	-	-	-
Subtotal for directors	155 792	0.24	46 160 321	72.13	-	-
Other shareholders	63 844 208	99.76				
Total	64 000 000	100.00				

ACQUISITIONS AND DISPOSALS

On 1 March 2021, the Group has acquired an additional 50% interest in Lizalor Investments (Pty) Ltd thereby changing the investment from a joint venture to a wholly-owned subsidiary of the Group. The Group has also acquired a 50% interest in Coral Lagoon Investments (Pty) Ltd on 1 March 2021. Lizalor Investments (Pty) Ltd also holds 50% interest in Coral Lagoon Investments (Pty) Ltd, thereby making Coral Lagoon Investments (Pty) Ltd a wholly-owned subsidiary of the Group.

There were no disposals during year under review.

ISSUE OF SHARES

During the year the Group increased its authorised ordinary shares to 1 000 000 000 with no par value and subdivided the issued shares on a 1000 to 1 basis resulting in a total of 64 000 000 shares in issue. As at 28 February 2022 the Company has 64 000 000 shares in issue.

STANDARDS AND INTERPRETATIONS EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

No new standards and interpretations have been adopted during the period under review.

COVID-19 AND JULY RIOTS

The Company was not impacted by the Covid-19 lockdown and July 2021 riots.

SUBSEQUENT EVENTS

The Board approved a final dividend on 30 May 2022 of 27.80 cents per share for the year ended 28 February 2022. There were no other significant events subsequent to 28 February 2022.

BOARD COMPOSITION

The Board comprised of the following for the year under review:

<u>Composition of board</u>	<u>Date of appointment</u>	<u>Audit and risk committee</u>	<u>Social and ethics committee</u>	<u>Remuneration committee</u>	<u>Investment committee</u>
Independent non-executive directors					
MJ Watters (Chairman)	1 June 2021	Member		Chairman	Chairman
D Kohler (Lead Independent)	1 June 2021	Chairman	Chairman	Member	Member
Non-executive director					
PM Todd	1 June 2021	Member			Member
Executive directors					
JT Loubser (Snr) (CEO)	1 June 2021		Member		Member
JT Loubser (Jnr) (CFO)	1 June 2021		Member	Member	Member
S Vosloo (resigned 31 May 2021)	12 November 2020				

PROFIT FORECAST

The Pre-listing Statement issued by the Company contained a profit forecast for the year ended 28 February 2022 and the actual performance compared to the profit forecast is summarised below:

Figures in Rand	28 February 2022 Actual	28 February 2022 Forecast
Revenue		
Rental Income	37 762 501	37 609 010
Revenue straight-line adjustment	(4 165 564)	3 859 272
	33 596 937	41 468 282
Other operating expenses	(5 222 261)	(4 711 281)
Other operating gains (bargain purchase)	25 151 661	55 559 228
Operating profit	53 526 337	92 316 229
Finance costs	(5 063 176)	(4 879 500)
Finance income	282 496	209 250
Fair value adjustments	160 885 989	129 466 954
Income tax	29 765 929	-
Profit for the year	239 397 575	217 112 933
Dividend distribution	(16 000 000)	(26 000 000)
Transfer to retained income for the year	223 397 575	191 112 933

DISTRIBUTABLE PROFIT FOR THE YEAR ENDED 28 FEBRUARY 2022

A reconciliation of the profit for the year ended 28 February 2022 is set out below:

Figures in Rand	28 February 2022
Profit for the year	239 397 575
Adjusted for:	
Income tax	(29 765 929)
Revenue straight-line adjustment	4 165 564
Fair value adjustments	(160 885 989)
Gain on bargain purchase	(25 151 661)
Operating expenses	5 222 261
Finance costs	5 063 176
Finance income	(282 496)
Distributable Profit	37 762 501
Percentage distribution (actual)	89.49%
Dividend distribution	(33 792 000)
Less interim dividend already paid	16 000 000
Final distribution declared subsequent to year end	17 792 000

The per share information is set out below:

Figures in Rand	28 February 2022
Earnings per share (cents)	469.06
Headline earnings per share (cents)	46.23
Distribution per share (actual based on 100%) (cents)*	25.00
Net asset value per share (cents)	355.32
Number of shares in issue	64 000 000

* Excluding subsequent to year end final distribution.

DIVIDEND DECLARATION

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

The Board is pleased to declare its maiden dividend (final dividend distribution) as a listed company (Dividend Number 1) of 27.80 cents per ordinary share, which amounts to 47.12% of distributable profit at the end of the 2022 financial year. The dividend is declared out of distributable reserves of the Group.

As the Company has REIT status, Shareholders are advised that the dividend meets the requirements of a “qualifying distribution” for the purposes of section 25BB of the Income Tax Act (No. 58 of 1962), as amended, (“Income Tax Act”). The dividend on the shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

Afine’s tax reference number is 901 493 3296. The number of ordinary shares which will be eligible for the dividend at the declaration date is 64 000 000.

The salient dates for the dividend will be as follows:

	2022
Last date to trade “cum” dividend	Tuesday, 21 June
Shares commence trading “ex” dividend	Wednesday, 22 June
Record date (date shareholders recorded in share register)	Friday, 24 June
Payment date	Monday, 27 June

Shareholders may not dematerialise or rematerialise their share certificates between Wednesday, 22 June 2022 and Friday, 24 June 2022, both dates inclusive.

TAX IMPLICATIONS

South African tax residents

The dividend received by or accrued to South African tax residents must be included in the gross income of such Shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exception, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because it is a dividend distributed by a REIT.

The dividend is exempt from dividend withholding tax in the hands of South African tax resident Shareholders, provided that the South African resident Shareholders provide the following forms to the CSDP or broker in respect of uncertificated shares, or to the Company, in respect of certificated shares:

- a) a declaration that the dividend is exempt from dividend tax; and
 - b) a written undertaking to inform the CSDP, broker or the Company, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner,
- both in the form prescribed by the Commissioner for the South African Revenue Service.

Shareholders are advised to contact their CSDP, broker or the Company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Non-resident Shareholders

Dividends received by non-resident Shareholders will not be taxable as income and instead will be treated as an ordinary dividend which is exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Since 1 January 2014, any dividend received by a non-resident from a REIT will be subject to dividend withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (“DTA”) between South Africa and the country of residence of the shareholder concerned. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident Shareholders is 22.24 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident shareholder has provided the following form to their CSDP or broker in respect of uncertificated shares, or the Company, in respect of certificated shares:

- a) a declaration that the dividend is subject to a reduced rate as a result of the application of DTA; and
 - b) a written undertaking to inform their CSDP, broker or the Company, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,
- both in the form prescribed by the Commissioner for the South African Revenue Service.

Non-resident Shareholders are advised to contact their CSDP, broker or the Company to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

PROSPECTS

Notwithstanding the increased earnings reported for the 2022 financial year, the directors, due to the current short-term uncertainties around; interest rates, inflation and geo-political conditions; have not changed the 2023 forecast set out in the Pre-listing statement of R25.8m attributable earnings.

The longer-term outlook however looks considerably more positive. The trend of specialist REIT's being favoured over diversified REIT's appears to be remain an important investor consideration. This together with the positive response to the Company's listing on the JSE, gives the directors confidence to pursue their objective of consolidating ownership within the petrol filling station sector in South Africa.

The Company will remain disciplined, but opportunistic, in the allocation of capital to select development and acquisition opportunities.

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 (Industrials Reit 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 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 position 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.

This prospects statement has neither been reviewed nor audited by the Company's auditors.

BY ORDER OF THE BOARD

Cape Town

31 May 2022

CORPORATE INFORMATION

Company details	Afine Investments Limited Reg No. 2020/852422/06 Share Code: ANI ISIN: ZAE000303947
Registered office	Unit 4602, Greenways Strand 7140
Company Secretary	Mrs S Vosloo
Designated Advisor	AcaciaCap Advisors Proprietary Limited Reg No. 2006/033725/07 20 Stirrup Lane Woodmead Office Park Woodmead 2191
Independent Auditor	PKF Pretoria Incorporated Reg No. 1998/004403/21 Emwil House West 15 Pony Street Tijger Vallei Office Park Silver Lakes 0081
Accountants	IQ EQ South Africa Proprietary Limited Reg No. 2015/083033/07 Uitzicht Building, 1st Floor Tygerberg Park, 163 Uys Krige Drive Platteklouf 7500, Cape Town South Africa

