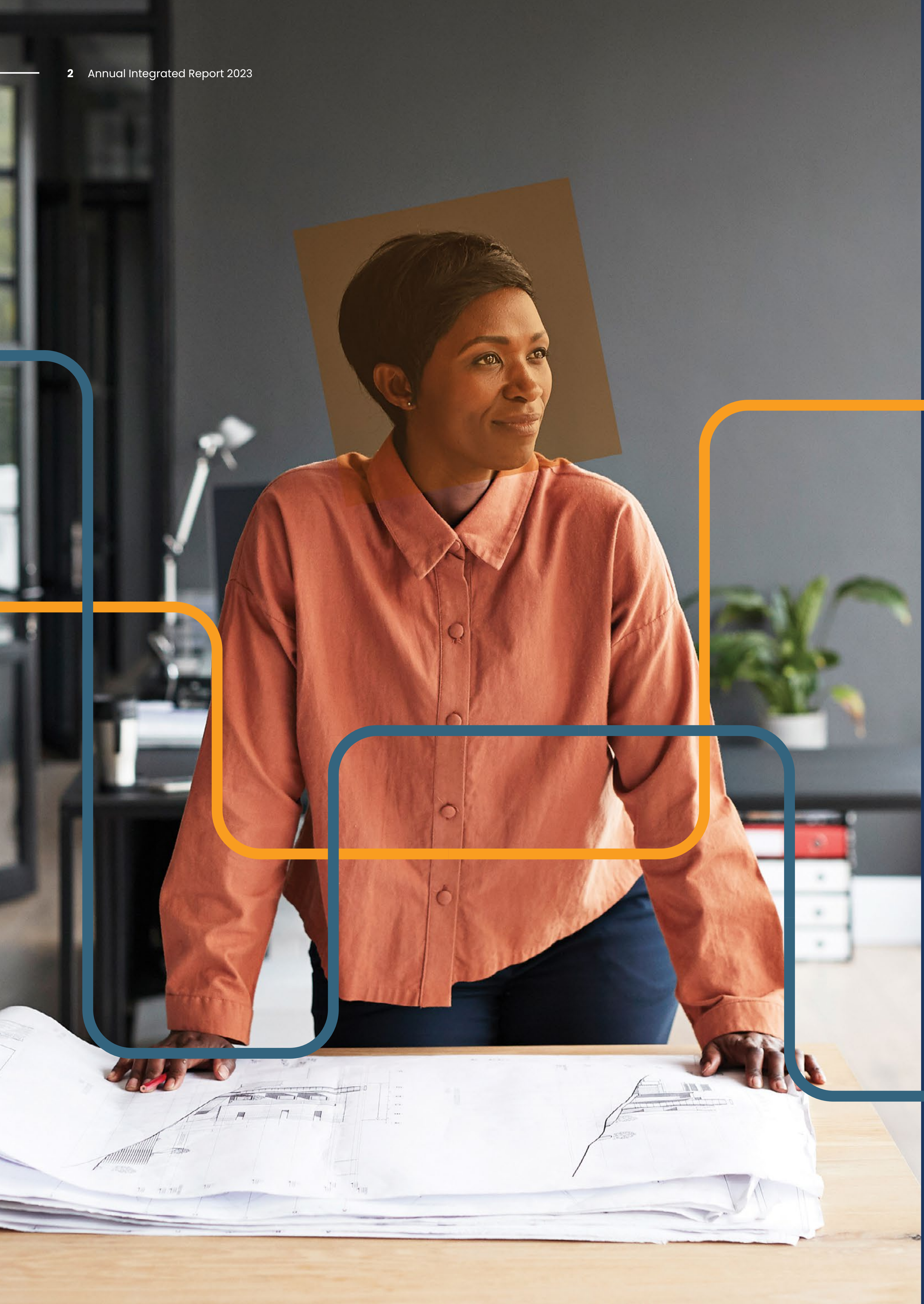
Integrated Annual Report 2023

Our journey of evolution

Business Partners
The Entrepreneur's Financier



For **42 years,** Business Partners Limited has been the entrepreneur's financier, empowering small and medium enterprises (SMEs) through tailor-made financing solutions, mentorship, technical assistance, and affordable business premises. This comprehensive approach strives to unlock the potential within each entrepreneur's business.

Our purpose

We empower entrepreneurs to build sustainable businesses, contributing to an inclusive and equitable society.

Unpacking our purpose

Empower
We understand that SMEs require 'more than just money'.

Entrepreneurs
We partner with creative, resilient, determined and intrinsically motivated individuals.

Sustainable businesses
- We help develop assets that can benefit future generations and create intergenerational wealth.
- We invest in businesses that show economic merit, operate under free-market principles, engage in healthy competition, add value and create employment and wealth.

Inclusive and equitable society
We act on the imperative to help eradicate poverty, decrease unemployment and address the structural inequalities in our society.

Our mission

Our mission is to invest capital, skills and knowledge into viable entrepreneurial enterprises in South Africa, and markets in Africa where we have a presence.

Our vision

Our vision is to be the premier business partner for SMEs, supporting growth and development, facilitating entrepreneurial wealth formation and stimulating job creation.

Our goal

Our goal is to be an internationally respected, successful and profitable business partner for SMEs.

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About this report

Our 2023 integrated annual report (IAR) reflects the Business Partners Limited (Business Partners Ltd or the Company) value creation story for our shareholders, funders and other stakeholders. This is our primary report and it outlines how Business Partners Limited creates and preserves value over the short, medium and long-term as a provider of financial services, an investor, a taxpayer and an employer.

Reporting scope and boundary

This report provides an overview of the material matters from our three business divisions, namely, Business investments, Business Partners International and Property management services and activities of the Company for the period 1 April 2022 to 31 March 2023. The content provides insight into our business activities, key risks and opportunities, performance, and how our strategy and governance enable us to create long-term value for our stakeholders.

Report preparation and reporting frameworks

Business Partners Limited is committed to continuously enhancing its reporting. This report is based on the principles and elements of the Integrated Reporting Framework and is progressing to full adoption of these guidelines. This year we conducted a materiality assessment to determine matters that affect our value creation and preservation. These matters inform the content of the report.

The following frameworks further informed the preparation of this report:

- Companies Act, 71 of 2008, as amended (the Companies Act)
- King Report on Corporate Governance™[1] for South Africa, 2016 (King IV)
- International Financial Reporting Standards (IFRS)

Forward-looking statements

This IAR contains forward-looking statements based on management's expectations of future economic conditions, both globally and domestically, and the impact on the Company's strategy, performance and operations. These forward-looking statements should be evaluated in the context of the many uncertainties that affect Business Partners Limited and the SMEs we serve.

Directors' statement of responsibility

The board of directors (the board), assisted by the audit and risk committee, is responsible for overseeing the integrity, completeness and relevance of this IAR. The board reviewed this report and believes it provides a fair and balanced representation of the Company's performance within the context of its risks and opportunities.

The board approved this IAR on 1 June 2023.

Feedback

We value your feedback as we continuously strive to improve our reporting. Please contact us at companysecretary@businesspartners.co.za.

Understanding Business Partners Limited

Who we are

Business Partners Limited is a specialist risk finance company for SMEs in South Africa and selected African countries. We understand the challenges entrepreneurs face. We have spent more than four decades refining a range of solutions catering to business owners' needs.

Our relationships with our clients are the foundation of our value proposition. We believe that **client centrism** drives long-term relationships that build sustainable businesses. Our offering combines innovative risk finance instruments with value-adding interventions and active portfolio management to maximise social returns.

In 2004, we expanded our presence into other parts of Africa. Today, we are **embedded in the SME ecosystem**. Our shareholders and providers of capital trust us to deliver financial returns and meaningful social and developmental impacts. We serve as enduring partners to our clients and maintain strong affiliations with government bodies and regulators.

We believe investing in entrepreneurs fuels the growth of our economy, building a better future for all.

What we do

We aim to facilitate business growth that supports sustainable job creation that contributes to the communities in which our clients operate.

Business investments

SME financing solutions
Tailored finance solutions and support for established entrepreneurs with viable formal businesses.

Property finance
Property finance solutions for entrepreneurs through a selection of customised funds and programmes, including our property fund, our property joint venture fund, and our green buildings finance programme.

Mentorship and technical assistance
We provide technical assistance and mentorship support services to our clients to assist in navigating the challenges they face and close the skills gap that may exist within a business.

Fund management
Business Partners Limited is the appointed administrator of the South African SME Relief Trust. The trust is a small business funding entity which provides support to small, micro and medium enterprises (SMMEs). Programmes implemented by the trust include the Sukuma relief programme which provided financial relief to businesses impacted by Covid-19 and the Tourism relief programme which provided financial relief to tourism businesses impacted by the subsequent effects of the pandemic.

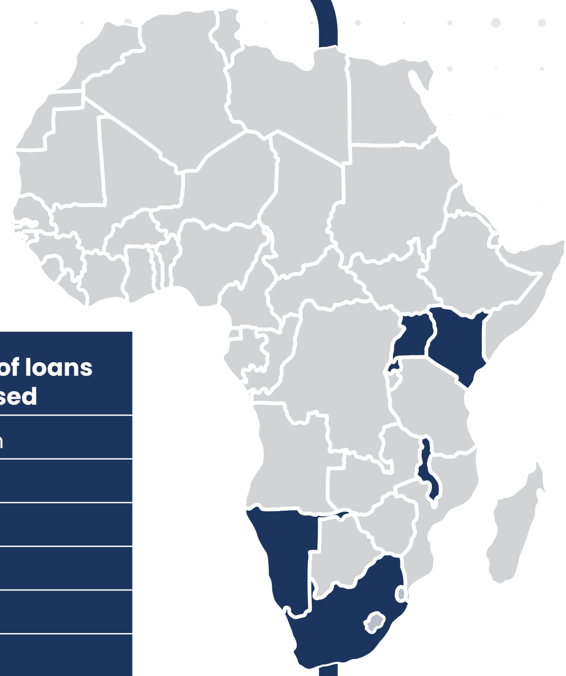
Business Partners International

Business Partners International co-invests with international investors and manages SME investment funds in Kenya, Malawi, Namibia, Rwanda and Uganda.

Property and asset management

Property portfolio
Our investment property portfolio comprises 109 buildings across South Africa. The portfolio consists of industrial, retail and commercial properties.

Property management
Our in-house Property management team manages our property portfolio and offers property management services to other property owners. We currently have 29 properties under management.



Where we operate

Business Partners Limited operates in South Africa, Kenya, Malawi, Namibia, Rwanda and Uganda.

Country	Total jobs facilitated	Investment portfolio value	Value of loans disbursed
South Africa	9 498	R3 379,4m	R673,8m
Kenya	372	R177,1m	R30,0m
Malawi	67	R21,4m	R22,9m
Namibia	36	R13,1m	R13,3m
Rwanda	468	R139,5m	R46,1m
Uganda	237	R130,2m	R46,6m

How we do it

Our values guide our approach and serve as a lodestar for all our actions and decisions.

Economic merit

Economic merit underpins all our finance and investment decisions, ensuring that access to business finance and value-added services for entrepreneurs is consistent, sustainable, and inclusive – so that we may serve all communities and groups of entrepreneurs. It is also the foundation of our operational decisions, ensuring long-term sustainability and delivering value for clients and shareholders alike.

Integrity

Both our business and personal conduct are imbued with honesty, respect for human dignity and the highest levels of ethical business practices.

Service excellence

We exist for our clients. We enjoy serving them. We continuously strive to exceed their expectations with our products, innovative solutions and the quality of our service.

Entrepreneurial spirit

Our people are both entrepreneurial and passionate about entrepreneurs. We invest where we see an opportunity, driven by the conviction that SMEs generate wealth and economic growth. Our entrepreneurial approach and passion for doing business enable us to partner with our clients in the success of their businesses.

We know that success in business requires more than financial support.

Understanding Business Partners Limited

Our investment impact

We have delivered profits to our shareholders every year since our inception. See below for FY2023 performance:

Profitability	Earnings per share	Net revenue from property portfolio	Value of property portfolio
3,9% ▼ R249,8m (2022: R260,0m)	4,2% ▼ 142,8c (2022: 149,1c)	R164,3m ▲ (2022: R152,3m)	R1,8bn ▲ (2022: R1,7bn)

A strong balance sheet underpinning our investment activities

Debt to equity ratio
26,9% ▲
(2022: 37,2%)

Long-established relationships with funders enhance access to capital

R1,1 billion in borrowings
(2022: R1,4bn)

Solid reputation and legacy in the market augment access to deal flow

Achieved **Level 1 broad-based black economic empowerment** (BBBEE) status

The investment model is acknowledged internationally as one of the most successful in delivering risk finance to SMEs in the developing world

Value of technical assistance programme disbursed
R6,41m ▲
36 approved and 16 disbursed to SMEs
(2022: R5,0m)

Disbursements to **women-owned businesses**
24,3% ▼
(2022: 24,8%)

Disbursements to **black-owned businesses**
40,3% ▲
(2022: 38,8%)

Value of approvals	Number of approvals	Value of disbursements
R887,8m ▼ (2022: R1 030,5m)	196 ▼ (2022: 225)	R673,8m ▼ (2022: R856,4m)

Number of disbursements	Jobs facilitated
168 ▼ (2022: 192)	9 498 ▼ (2022: 9 730)

Robust governance framework

Our board composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Our contribution to the UN Sustainable Development Goals (SDGs)

We prioritise five of the 17 SDGs where we can deliver meaningful impact.

SDG 4: Quality education

SDG 5: Gender equality

SDG 7: Affordable and clean energy

SDG 8: Decent work and economic growth

SDG 10: Reduced inequalities

Our impact

Facilitated over 9 498 jobs and counting

Jobs facilitated	Transactions disbursed to women-owned businesses	Transactions disbursed to black-owned businesses
9 498	53	76

Approved over 196 business finance transactions

Number of transactions approved
196

Tourism relief programme

Total approvals:
R182,8m

Total disbursements:
R143,7m

Understanding Business Partners Limited

Our growing impact

1981
Small Business Development Corporation Limited (SBDC) was established to support SMMEs, with the public and private sectors represented with an equal shareholding.

Introduced the innovative industrial hive concept, which functioned much like modern-day business incubators.

At Business Partners Limited, we measure success not only by financial returns but also by the transformative impacts we enable, creating a legacy of thriving businesses and empowered communities.

Our growing impact is demonstrated through the following metrics:

- # Number of loans
- Value of loans approved
- Jobs facilitated
- Lettable area

1986

1986–1991
- 6 462*
- R170,2 million*
- 74 109*
- 373 834 m²

1988: Launched the annual Small Business Week. Created the Business Property Ownership Foundation to encourage entrepreneurs to own their business premises

1991

1991–1996
- 29 946*
- R1 035,4 million*
- 209 841*
- 681 000 m²

Developed term and equity loans to provide investment capital to viable SMEs without access to the capital markets

1996

1996–2001
- 58 888*
- R2 574,9 million*
- 371 738*
- 700 000 m²

SBDC restructured and honed focus and market segment to SMEs only
1998: Changed name to Business Partners Limited and innovative financing and investment products for SMEs were developed.
Property portfolio restructured to focus on SMEs
1998: Led the establishment of the South African Private Equity and Venture Capital Association

2001

2001–2006
- 63 252*
- R4 612,7 million*
- 437 996*
- 672 000 m²

2004: Entered partnership with the International Finance Corporation (IFC)
2004: Expanded to other African countries

2006

2006–2011
- 66 077*
- R7 292,3 million*
- 477 909*
- 675 000 m²

2008: Business Partners Limited implemented internal structural changes to improve performance and productivity

2011

2011–2016
- 68 882*
- R11 796,6 million*
- 517 487*
- 458 000 m²

2014: The Company repositioned to strengthen brand presence and entrench our position in the SME space

2016

2016–2021
- 70 697*
- R16 455,4 million*
- 591 437*
- 441 982 m²

2016: Reached the R1 billion mark in annual investments for the first time
2019: Gold winner in the Global SME Finance Awards SME Bank of the year: Africa category
2020: Administered the Sukuma Fund to support SMEs during the Covid-19 lockdown

2021

2021–2022
- 72 162*
- R21 214,1 million*
- 670 389*
- 374 510 m²

Launched transformational strategy towards 2026 and achieved record profitability

2022

2022–2023
- 72 384*
- R22 201,5 million*
- 680 119*
- 496 000 m²

Enhancement of our logo and introduction of new marketing positioning as the entrepreneur's financier
Launched the Tourism relief programme to provide financial relief to tourism businesses impacted by the subsequent effects of the pandemic

2023
- 72 580*
- R23 089,3 million*
- 689 617*
- 459 231 m²

2023: Launched the Energy Fund for SMEs

** Cumulative figures since 1981.*

Leadership Overview

Leadership Overview

Chairperson's review

As we reflect on another financial year, it is clear the challenges we face as individuals, as a community, as a company, and as a country are more prominent than ever before. It's a period of dramatic change and volatility, where political, economic and environmental landscapes constantly shift, and technological advances continue at breakneck speed, bringing forth a multitude of challenges (and entrepreneurial opportunities, of course) for small and medium enterprises (SMEs).

The plight of SMEs is all too familiar, made even more daunting with the onslaught of loadshedding, rising interest rates, and geopolitical instability. The persistent threat of inflation places undue pressure on these businesses making survival, let alone growth, a massive task. Added to these burdens is the looming shadow of climate change, a global challenge that underscores the urgency of our purpose.

This year, we reaffirmed our dedication to serving SMEs not just in words, but in our actions. It is with a deep sense of pride that we are able to report the achievement of our Level 1 BBBEE status, testimony to our commitment to transformation and empowerment, both within our organisation and in the wider SME community we serve.

> *In the year ahead, the board will continue to oversee the execution of the Company's strategic plan, alongside vigilant monitoring of our operational efficiency against key performance indicators (KPIs).*

Ensuring governance excellence

A key tenet of our operations has always been our conduct. Our board maintains a steadfast commitment to pursuing world class governance principles and standards, aligning with our organisational objectives and promoting confidence among our stakeholders. We constantly refine our governance structures, processes, and practices to ensure they enable the effective execution of our strategy.

Guided by the principles of King IV, we continuously assess and review the balance of skills and experience in our board's composition. During the year, a skills matrix featuring 14 core skills were reviewed and adopted by our board. This matrix considers various attributes including qualifications, experience, diversity, independence, tenure and age. While findings from our review highlighted opportunities to enhance the board's strategic oversight, the review reaffirmed the experience, adaptability and collective wisdom of our board.

Our strategic performance

The Company continues to pursue the strategic objectives set by the board whilst being mindful of the need to remain agile and adaptable in the face of challenging business realities. Recognising the need to support our clients and adapt to the rapidly changing environment, we remain firm in our commitment while actively working to revisit and recalibrate our strategic goals.

We recently launched a R400 million Energy Fund, aimed at enabling SMEs to transition to alternative energy solutions, given the immediate energy constraints as well as the universal climate crisis. This initiative highlights our proactive approach to these challenges, and embodies our commitment to the growth and success of small businesses. However, we are cognisant of the urgent need to do more, to intensify our efforts and extend our support further to the SMEs navigating these challenging times.

As we head into yet another year fraught with uncertainty, our executive team, with the support of the board, is proceeding apace to streamline our operations and implement our strategy. Their dedication reflects our collective resolve to persist and succeed, regardless of the challenges that lie ahead.

Looking ahead

In the year ahead, the board will continue to oversee the execution of the Company's strategic plan, alongside vigilant monitoring of our operational efficiency against key performance indicators (KPIs). In line with this, we have reconstituted an ad hoc committee specifically tasked with strategy oversight including reevaluating the strategy and monitoring the progression and implementation of our strategy.

We have gained much knowledge and expertise in the 42 years that we've successfully and sustainably assisted, advised, financed and mentored SMEs. We know what is required to develop a thriving entrepreneurial and SME ecosystem. Hence, the board will continue to encourage and fervently support the executive team to utilise the knowledge and expertise honed over the Company's history in their efforts to actively and vociferously shape the environment into one which is more conducive to entrepreneurship, business formation, business survival and business growth.

Appreciation

We extend our heartfelt appreciation to our management team, employees and fellow board members for their tireless efforts and unwavering commitment. We could not have successfully navigated the past daunting year without their hard work and resilience.

We also thank our shareholders for their support during these trying times, enabling us to execute our purpose and continue our vital work.

Lastly, we express our utmost admiration for our entrepreneurs who, amid adversity, remain unyielding in maintaining their business operations.

While the future might be uncertain, our commitment and resilience, much like that of the SMEs we serve, remains steadfast.

Nazeem Martin
Non-executive chairperson

Leadership Overview

Managing director's review

The current economic landscape highlights the fragility and the importance of the interdependence between politics and economics. The unsettling effect of political tensions on policy frameworks and execution, coupled with the increasing energy crisis have negatively impacted the cost of doing business. Combined with macro-economic headwinds such as high inflation and increasing interest rates, the effect on SMEs have been profound; constraining growth and new business formation. Flourishing SMEs are vital to achieve South Africa's growth ambitions and a critical path to addressing the rampant unemployment threatening our social cohesion and stability.

The time for ideological differences, and the inertia that typically follows, must not prevent initiatives and frameworks from unlocking our economic growth potential. Time is of the essence, and a collective effort from all is required to overcome South Africa's idiosyncrasies before they become insurmountable and irreversible.

Reflecting on the operating environment

The erosion of institutional capacity, particularly in entities like the deed's office and courts, significantly impacted the efficiency of our operations. Coupled with the deterioration of logistical infrastructure, these failures adversely affected costs, competitiveness, and the resilience of our and our clients' operations.

The risk posed by Eskom's electricity supply challenges in many ways surpass the challenges brought about by the Covid-19 pandemic. The unreliable electricity supply negatively impacts the efficiency, cost-effectiveness and ultimately the competitiveness of our SMEs, impacting their sustainability, often fatally.

In this operating environment, it was imperative that solutions had to be found to alleviate these crises. We launched a R400 million Energy Fund providing access to capital for SMEs seeking alternative energy solutions. The attractive pricing of this initiative was only possible as a consequence of the South African SME Relief Trust's investment in the fund at a concessionary risk adjusted return expectation.

The challenging operating environment negatively impacted business confidence, a vital ingredient to invest for the future and unlock growth potential. Our own performance was hampered by the lack of investment opportunities as SMEs were reluctant to grow their businesses and delayed their long-term investment decisions.

Often in the face of adversity, the indomitable human spirit endures and inspires with extraordinary levels of creativity. The tenacity of SMEs - who have demonstrated remarkable innovation, resilience and creative brilliance - in our callous operating environment continues to lift us to try harder, do more and care more.

Throughout our 42 year journey, Business Partners Limited has displayed remarkable agility as we strived to serve the unique needs of the SME sector. As we resolutely navigate these challenging times, we remain cognisant of our potential and responsibility to serve SMEs and deliver transformative change and tangible impact in the communities we serve.

Progress on our strategy

Although we fell short of achieving all our strategic objectives for the year, we made remarkable progress in strengthening our operating capability for the future by reengineering parts of our operating model.

At the core of our purpose lies the impact we have on our SMEs. Our strategy execution has remained agile and responsive, allowing us to remain close to our clients, supporting their sustainability and fostering growth where possible.

How we positioned ourselves this past year was equally important. Our commitment to doing more for our clients, prioritising the client's needs and constantly striving to improve our services made a meaningful difference against the background of a difficult trading environment.

Strategy execution
In acknowledging that **access to deal flow** was constrained in the year under review, the required **access to capital envisaged** was deferred. While we are disappointed with the subdued deal activity performance, we take solace in the fact that our proactive measures resulted in solid cash inflows and collections as well as better than expected credit risk profile. These achievements were the direct consequence of the focus by operational teams to find solutions to the challenges faced by SMEs, optimising their and our financial position and deploying resources effectively.

Increasing our impact is pursued both internally and externally to the organisation. Our commitment to employment equity, skills development and social development initiatives led to significant gains as evidenced by the achievement of a Level 1 BBBEE accreditation. This outcome reflects the Company's dedication and commitment to driving transformation. Externally, our advocacy efforts increased the awareness of the challenges and constraints that many SMEs face. To create lasting positive change in our society, we will continue to deliver impact through an inclusive internal culture and advocating for the needs of SMEs.

I am grateful for the invaluable guidance and strategic direction provided by our board over the past two years. Their insights and support have been instrumental in navigating the ever-changing business landscape, executing our strategic initiatives, and ensuring our relevance in the face of mixed results.

Our performance

In the face of a challenging economic landscape, our team made notable strides in reducing credit risk. Despite the prevailing conditions, we successfully executed several quality transactions, demonstrating our resilience and adaptability. Our ability to generate strong cash flows and achieve a rebound in property yields further highlights our ability to navigate these uncertain times and seize opportunities. These accomplishments are a testament to our teams' dedication and expertise and will position us well for continued success in future.

Moving forward, we recognise the need to prioritise the execution of our strategy and enhance the speed and efficiency of our expansion. It remains crucial to optimise our real estate portfolio by divesting from undesirable assets and strategically acquiring property assets that align with our investment objectives. Additionally, by improving our property management practices, the performance of the asset class will be optimised.

Outlook

Although the future is uncertain, we remain committed to adapting and responding to changing circumstances. By focusing on operational optimisation and strategy execution, while remaining focused on capturing the emerging opportunities inherent in our environment, we will position ourselves for sustained success and profitability. With a strong balance sheet as the foundation and an exceptional pool of talented individuals, we will continue to invest in assets that will drive our growth. Our unwavering focus remains on enhancing the quality of our service to clients, which we believe is vital to achieving a meaningful impact.

The global and local economic environment will continue to pose downside risk to the credit performance of our SME investment portfolio. We remain gravely concerned about the effects of loadshedding on economic growth and SMEs in particular. Concerted efforts by Government to execute growth inducing policies and initiatives is urgently required. Without such a business friendly ecosystem, economic growth will remain elusive.

Appreciation

We are deeply grateful for the exceptional contributions of Anton Roelofse and Byron Jeacocks, our longest-serving regional general managers in the West and East Coast, who retired this year. Anton and Byron demonstrated unwavering dedication and invaluable support to SMEs throughout their combined 72 years of service. Their exemplary leadership and dedication serve as a source of inspiration for us all.

I would like to express my gratitude to our executive committee for their valuable input throughout the year. To all our employees, I extend my sincere appreciation for your hard work and dedication to our clients, especially during these times of uncertainty.

Together, as a team and with the broader South African community, we have the power to pave the way for a brighter future. Let us harness our collective resources, knowledge, and expertise to overcome these hurdles and usher in a new era of prosperity and progress.

Ben Bierman

Managing director
Ben Bierman

What Drives Our Business

What drives our business

Our operating context

A precarious macroeconomic backdrop

Global macroeconomic overview

- Global economic growth experienced a slowdown due to reduced demand for consumer goods, the prolonged conflict in Ukraine and persistent supply chain disruptions
- Turmoil in the financial sector and the consequences of the global pandemic resulted in a cost-of-living crisis affecting many countries
- Federal interest rate hikes caused capital outflows and currency depreciation in developing countries, escalating balance-of-payment pressures and debt risk
- Countries worldwide have taken decisive monetary tightening measures to address high inflation, averaging over 9%
- Higher interest rates, lower real incomes, and significant declines in household net worth are expected to prompt consumers to cut back on spending

How this impacts us

- Global inflation rates and interest rate hikes increase the local cost of living and borrowing rates, resulting in an operating environment with high expenses
- High living costs also result in increased costs of conducting business

South African macroeconomic overview

- South Africa faces mounting economic and social challenges, risking stagnation due to infrastructure constraints, logistics bottlenecks, an unfavourable external environment and climate shocks
- Employment remains below pre-pandemic levels
- Governance failures threaten growth, employment and social cohesion
- South Africa has been added to Financial Action Task Force's increased monitoring list (grey list), as the organisation has identified eight key areas with strategic deficiencies in the country's anti-money laundering and counter-financing of terrorism framework
- Unreliable energy supply continues to threaten the sustainability of the overall economy

How this impacts us

- Tough macroeconomic conditions have led to low levels of business confidence
- Loadshedding, increased fuel prices and the rising cost of raw materials have increased operating costs
- Increased cost and low confidence result in fewer lending activities to SMEs
- The addition to the Financial Action Task Force's increased monitoring list impacts our ability to raise capital as the listing dampens investor confidence and adds complexity through increased regulatory oversight

Trends impacting South African SMEs

SMEs' role in the South African economy

The South African economy consists of an estimated 2.6 million SMEs. Two thirds of SME owners operate their own businesses, and 32% employ between one and 10 employees. According to the National Development Plan, SMEs play an important role in poverty alleviation and job creation. Thus, the National Development Plan aims for the sector to contribute between 60% to 80% to gross domestic product (GDP) growth and employ 90% of the country's workforce by 2030.

Access to finance remains a significant challenge for SMEs, hindering their growth and business sustainability.

Other challenges SMEs face include a high regulatory burden, skills and capacity shortages, a continued energy crisis, high cost of access to digital infrastructure and tools and a lack of mentorship and support.

Our response

- We believe in entrepreneurs' potential, offering holistic support encompassing business investments, property finance and mentorship – creating a path towards prosperity
- We provide SMEs with technical assistance and advice on issues such as loadshedding and other operational challenges

The impact of loadshedding on SMEs

Given their significance, SMEs require a favourable environment that consists of targeted support, access to finance, skills development and streamlined regulations. As the pandemic waned, the impact of the energy crisis made the path to recovery increasingly arduous.

SME Confidence Index on the impact of loadshedding on SMEs in South Africa

- Decreased production and performance due to missed deadlines, delays in supply chains and rising input costs
- Operational costs have increased significantly, with most businesses needing to make use of alternative energy sources as backup power infrastructure
- Overall, SME business confidence plummeted according to the fourth quarter of 2022 calendar year SME Business Partners Limited confidence index
- The SME operating environment remains subdued as SMEs are cautious of executing future plans due to the challenges imposed by stage 6 loadshedding schedules
- 51,23% of SMEs surveyed report to have been negatively impacted by municipal service delivery deterioration
- 72,3% of SMEs surveyed have either suffered business interruption resulting in an insurance claim or had a decline in their productivity due to load shedding

Source: SME business confidence index by Business Partners Limited

Our response

As loadshedding directly impacts the SMEs we aim to support, we launched an Energy Fund for SMEs that provides finance to business owners with a viable business who want to invest in alternative or backup energy sources to keep their businesses running (page 30).

Business confidence

Our operating environment is increasingly marked by a pervasive lack of confidence and uncertainty regarding the current market and the medium-term future. SMEs' hesitancy to expand their businesses or take on further debt permeates the ecosystem. The cautious approach of SMEs reduces job creation and growth in the sector.

Business Partners Limited SME confidence index for Q1:2023

SMEs' confidence that:

- Their businesses will grow in the next 12 months at 71%(↓3 percentage points from Q1: 2022)
- The South African economy will be conducive to growth in the next 12 months at 56% (↓21 percentage points from Q1: 2022)
- Ease of access to business finance will improve in the next 12 months at 55%(↑3 percentage point from Q1: 2022)
- Their clients will pay them in the stipulated time at 66%(↑15 percentage points from Q1: 2022)
- The government is doing enough to foster SME development in South Africa at 47%(↓4 percentage points from Q1: 2022)
- The private sector is doing enough to support SMEs in South Africa at 55% (↓3 percentage points from Q1: 2022)

Business Partners Limited conducts a quarterly SME confidence survey measuring the attitudes and confidence levels of South African SME owners.

How this impacts us

SMEs' hesitancy impacted Business Partners Limited's lending activities during the year and the social impact achieved for FY2023.

Our response

The implementation of our new strategy towards 2026 is enabled by a renewed drive of client centrism to ensure we effectively support our customers.

What drives our business

Our value creating business model

Our business model provides the blueprint for creating value for various stakeholders and contributing to the SME sector by providing products and services that SMEs need to thrive and grow.

We are dedicated to nurturing entrepreneurial potential and leveraging our expertise in business investments, property finance and mentorship to drive sustainable businesses and uplift communities.

Inputs

Our business activities are driven by and rely on the following capital inputs

Human capital

Highly skilled and experienced teams supported by our board and a strong leadership team

(Further detail can be found in our people section on page 65)

Social and relationship capital

Large stakeholder base that forms part of the SME ecosystem

(Further detail can be found in our stakeholder engagement on page 30)

Natural capital

Water, electricity, fuel consumption and green building practices

(Further detail can be found in our property and asset management section on page 57)

Financial capital

Robust balance sheet and strong property portfolio

(Further detail can be found in our chief financial officer's (CFO) review on page 46 to 49)

Intellectual capital

Institutional knowledge base, depth of experience and distinctive investment method

(Further detail can be found in our strategy on page 40)

Manufactured capital

The property portfolio serves as an asset base and premises for our SME business owners

(Further detail can be found in our property and asset management section on page 57)

How we add value

Our business activities, products and services

Business investments

We aim to support business growth, create and sustain jobs, and contribute to developing the communities in which the SMEs operate through our SME financing solutions, technical assistance programme and mentorship support services. We also provide fund management services (page 50).

Property and asset management

We earn rental income from our property investments and can provide business owners with rental premises (page 57).

Business Partners International

We provide loan finance and technical assistance support to business owners with a viable formal business in other African countries by replicating our South African business model and business offering (page 62).

Other activities that support the delivery of our goals include:

- Human capital management
- Development impact monitoring
- Supplier and enterprise development

Outcomes

The value we create or preserve through our business activities

Human capital

- Training and development
- Conducive Company culture
- Workforce that is passionate and dedicated to achieving the Company's purpose

Social and relationship capital

- Development impact (page 8)
- 9 498 jobs facilitated
- 23,5% of approvals for women-owned businesses
- 40,2% of approvals for black-owned businesses
- 163 SME clients benefited from the tourism fund

Natural capital

- Lowering operating costs and increasing sustainability of SMEs
- SMEs finance to green their building
- 76 740 kg pollutants kept out of the atmosphere
- 222,50 m³ landfill saved
- 520 265 kWh energy saved through recycling
- 737 348 l water saved through recycling
- 1 453 trees saved

Financial capital

We positively create financial value for our Company, our clients and the economy

- 196 investments approved
- 168 investments disbursed
- R887,8 million in approvals
- R673,8 million in disbursements
- R3 379,4 million total investment portfolio
- R345,0 million in rental income and recoveries
- SME wealth creation
- Increased tax base
- Stimulate economic growth

Intellectual capital

- Knowledgeable employees with deep sector and industry expertise
- Proprietary appraisal and monitoring systems
- Launch of online application platform
- Risk mitigation
- Reduction in business failure
- Successful, resilient SMEs

Manufactured capital

- Affordable property for SMEs
- Increased efficiencies
- Strengthening Business Partners Limited's balance sheet and long-term sustainability

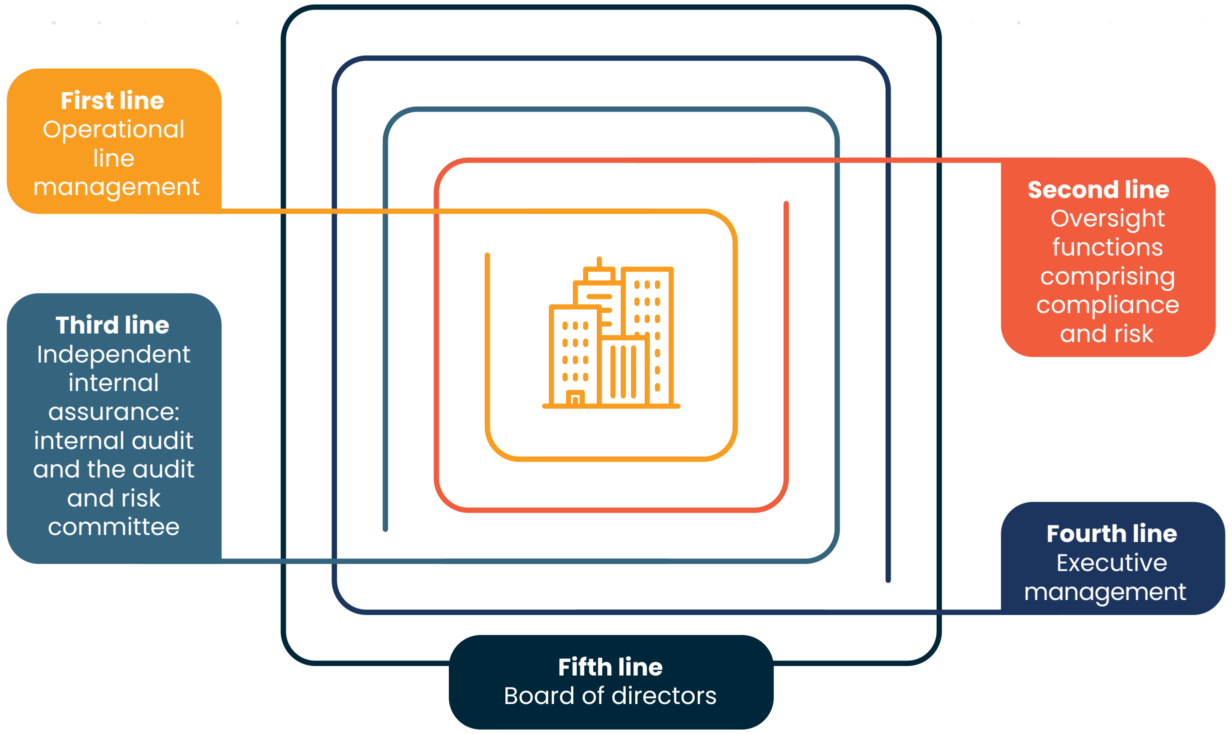
What drives our business

Our approach to risk management

The strong risk culture comprising risk awareness, risk taking and risk management, is embedded throughout the organisation, with the ultimate accountability for risk management residing with the board.

The enterprise risk management (ERM) programme provides a Groupwide disciplined approach to identifying and managing risks. Our approach is enshrined in the ERM policy and implemented through the ERM framework. The framework cultivates a consistent approach to identifying, assessing, managing and reporting the risks we accept and incur as part of our business operations. Clear accountability is assigned through the five lines of defence model while ensuring that risk utilisation is aligned with Business Partners Limited's risk appetite.

Five lines of defence model



The lines of defence model are applied as follows:

First line: Operational line management (day-to-day oversight)
Line managers have ownership, responsibility and accountability for the execution of risk management. They are responsible for the control culture in their respective business units and ensuring that the applicable quality manual documents are kept up to date. In compliance with the Group's ISO 9001:2015 certification, quality manual document serve as a "how-to" documents of operational processes and the employee responsible for carrying out each activity.

Second line: Oversight functions comprising compliance and risk
This comprises centralised functions that provide subject matter guidance and expertise, namely the compliance and risk functions.

Third line: Independent internal assurance: Internal audit and the audit and risk committee
The effectiveness of the Company's operational processes are independently assured. Internal audit reports to the audit and risk committee on the adequacy and effectiveness of internal financial controls, internal controls relating to compliance, operational effectiveness and sustainability, risks and opportunities management, and the robustness of the combined assurance model.

Fourth line: Executive management
Executive management is responsible for setting the tone for risk in the organisation and managing the ERM activities within their respective departments.

Fifth line: Board of directors
The board is ultimately responsible for the governance of risk. It sets the risk appetite and ensures that risk management measures and internal controls are appropriate and effective. The board delegates assurance oversight to sub-committees.

What drives our business

Our ERM framework

The Business Partners Limited ERM framework is based on the principles embodied in the ERM published by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and King IV.

The objective of the framework is to assess all risks that could affect the achievement of Business Partners Limited's strategic objectives, financial and operational performance and reputability. Risk management is a systematic and continuous process of identifying and analysing risks and, where appropriate, taking adequate steps to mitigate these risks.

The ERM follows the steps set out below.

Step 1 Establish the context

The Group has seven risk categories, each of which has several underlying risks allocated to it. The risk categories are: strategic, enterprise wide, financial, operational, legal and compliance, reputational and environmental and social.

The board approves the risk appetite against which risks are monitored. Risk appetite expresses the types and level of risk, as defined by a set of quantitative and qualitative measures, which the Group is willing to assume to achieve its strategic objectives.

Step 2 Risk identification

Risk identification involves various techniques and models to ensure all critical risks are identified, these include:

- Objective-based risk identification
- Scenario planning
- Environmental scanning

Step 3 Risk assessment

Risks are analysed to separate minor acceptable risks from material risks and to provide data to assist in the quantification and treatment of risks.

Step 4 Risk treatment

Risk management plans provide management and stakeholders with assurance that material risks are being effectively managed within the risk appetite and, where required, appropriate responses are taken. Risk responses include avoidance, reduction, sharing and acceptance.

Step 5 Monitoring and review

Monitoring and incorporating changing circumstances into risk priorities ensures that risk management plans remain relevant.

Step 6 Communication and training

Those responsible for implementing risk management and stakeholders need to understand their accountability, reporting lines, the basis on which decisions are made and why particular actions are required.

By implementing a robust ERM framework, we enhance our ability to navigate uncertainties and adapt to changing market dynamics, reinforcing our resilience and securing long-term success.

Our material risks and opportunities

Business Partners Limited achieves its strategic objectives by assuming risk. Without appropriate limitation on the level of risks taken, these risks can threaten profitability, liquidity, solvency, the Company's reputation and social impact.

We classify our risks under seven categories, from which our most material risks are identified.

Risk category	Material risks
Strategic risk	• Strategy selection • Modifications to the strategy • Execution of the strategy
Enterprise-wide risk	• Culture • Business objectives • Capital management
Financial risk	• Credit risk • Liquidity risk • Funding risk • Business risk
Operational risk	• Operational efficiency • Maintaining corporate talent • Cybersecurity • Disaster recovery
Legal and compliance risk	• Ethics • Legal matters • Legal and compliance
Reputational risk	• Client perspective • General public and media coverage
Environmental and social risk	• Job creation • Race equality • Gender equality

What drives our business

Our documented risk management process measures the actual level of risk against the risk appetite for the above risks, which is presented to the board. The Group's high-level summary of material risks and how they are managed is set out in the table below:

Risk	Risk description	How we manage this risk
Business risk	The risk that external market factors could create income volatility and uncertainty	• The risk of loss caused by income volatility is mitigated through the diversification of asset classes and revenue sources • Income volatility caused by interest rate fluctuations is mitigated by diversified revenue streams being capital appreciation and revenue-sharing instruments • Volatility in rental income is mitigated through well-defined processes addressing vacancy, property yields and rent collection
Credit risk	The risk arising from a client's failure to meet the terms of any agreement, thereby resulting in a loss	• The risk associated with individual transactions is assessed as part of the credit approval process • Credit committees are governed by board-approved delegated limits, policies and procedures • Credit risk is monitored continuously at an individual client level and aggregated portfolio level
People risk	The risk that the Company is unable to recruit, retain and engage diverse talent.	• We focus on building a diverse and capable workforce by creating a stimulating and rewarding workplace • Our business processes were designed to minimise the impact of the loss of key employees • Succession plans and deferred compensation schemes are in place to support retention
Cybersecurity and disaster recovery	The risk of losses caused by information technology (IT) software and hardware failures such as system downtime, severely degraded performance or limited system functionality or errors	• IT availability and capacity are continuously assessed and improved to meet business requirements • Business continuity risk mitigation includes detailed planning and testing of remote access and recovery of operations • We focus on controls to prevent, detect and mitigate the impact of persistent and increasingly advanced cyberthreats • Our data governance policy ensures privacy and appropriate data usage and retention
Operational risk	The risk of failures in our internal control environment as well as non-compliance with established processes and procedures	• Line managers, as the first line of defence, are accountable for identifying operational risks and managing them effectively • The risk and control assessment process comprises a bottom-up assessment of the risks faced by business units and the effectiveness of controls to manage them
Environmental and social risk	The risks related to the impact of climate change, environmental management practices, working and safety conditions and respect for human rights	• Environmental and social risks are evaluated as part of the individual transaction approval process • The Company consistently strengthens its environmental and social risk management processes in line with international best practice • Environmental and social risks and compliance are reported to the social and ethics committee
Liquidity risk	The risk that the Company does not generate sufficient cash resources to meet its payment obligations in full as they fall due	• The internal treasury committee monitors current and future liquidity ratios and funding requirements under normal and stressed scenarios
Legal and compliance risk	The risk from the failure to observe relevant laws, codes, rules and regulations and the inability to adjust to changes in the regulatory environment	• The Company focuses on adhering to the highest levels of compliance • Compliance with current legislation is embedded in well-established policies and procedures • Changes in the regulatory environment are monitored to enable a timely response to proposed changes
Emerging risks	This risk includes natural disasters, geopolitical risk and macroeconomic risk	• The regular and comprehensive assessment of emerging risks informs the universe of principal risks faced by Business Partners Limited

What drives our business

Our stakeholders

Engaging with stakeholders is a fundamental part of how we do business. Engagement builds relationships, ensures we understand the needs and challenges of our entrepreneur clients and tenants, enables us to foster trust with the institutions we work in and with, and is critical to our reputation.

Our commitment to sustainable value creation extends beyond financial gains, as we actively seek to contribute to the broader South African society to promote inclusivity and positive outcomes for all our stakeholders.

Our stakeholder relationships are core to delivering our business value, driving our success and shaping our impact on the SME ecosystem.

Entrepreneurs

Our entrepreneurs are SME owners who operate across various sectors, including manufacturing, retail, services, technology, and agriculture. They range from individuals to family businesses and partnerships.

Creating mutual value
- Business Partners Limited provides our entrepreneurs with funds, technical assistance and mentorship to enable business resilience and growth
- Judicious choice of which entrepreneurs support our financial sustainability and development impact

Stakeholder needs and concerns
- Financial viability
- Continued support
- Cost of doing business in a challenging local context, exacerbated by loadshedding

Our response
We aim to foster ongoing relationships with entrepreneurs. This year we:
- Continued to implement digital solutions to improve and enhance the organisational ability to be more client centric, manage greater deal flow, increase efficiency, contain costs and innovate around new products
- Created the Energy Fund for SMEs to respond to challenges related to power cost and availability

See page 6 for further detail on the services we offer our entrepreneurs.

Our impact:

Responding to the growing need for reliable energy supply for SMEs

The current cost of continued loadshedding is estimated to account for up to R900 million in losses per day. SMEs, in particular, bear the brunt of the impact as many of them lack the resources to install backup energy sources and sustain operations during the prolonged power cuts. Furthermore, loadshedding leads to increased operational costs, job losses and disruptions in the supply chain.

A key strategic driver of the Business Partners Limited strategy is increasing impact. This means that we need to understand our clients' needs and challenges to effectively respond with relevant solutions. In April 2023, we launched a R400 million Energy Fund for SMEs to help alleviate the burden of loadshedding.

The fund aims to support our SMEs by providing access to loans ranging from R250 000 to R2 million. These loans include risk-adjusted interest rates and repayment terms of up to five years and no repayment obligations for the first six months. SMEs approved for loans will be able to use the funds to purchase alternative energy solutions such as solar systems, backup batteries, inverter systems, diesel-powered generators, and other related energy generation products. We believe that the investment in alternative energy sources will enable our SMEs to remain operational in the context of the electricity supply challenges.

Since its launch, the fund has generated great interest in the SME market.

Tenants

Our tenants are SME business owners who rent premises from us. These tenants mostly operate in the manufacturing, logistics and retail sectors and range from individual businesses to medium-sized enterprises.

Creating mutual value
We aim to provide our tenants with effective spaces to operate their businesses.
- We provide affordable premises to the SME sector
- Our tenants provide us with an income source and access to SMEs for our other programmes

Stakeholder needs and concerns
- Cost of occupancy
- Lease terms
- Increasing security costs
- Unstable supply of electricity causes operational disruptions

Our response
We continue working to understand our tenants' needs and the challenges they face by offering relevant and efficient premises. This year we:
- Aimed to reduce our environmental impact by reducing tenants' consumption and costs by retrofitting our properties to be more energy efficient and encourage entrepreneurs to achieve green building certification
- Were able to pass cost savings on to tenants due to our enhanced environmental sustainability efforts and ultimately reducing the cost of doing business
- Invested in refurbishing some of our properties to meet the evolving needs of our tenants and ensure our continued relevance in the market

See page 57 for further detail on our property portfolio initiatives

Our impact:

Shareholders and funders

Our shareholders and funders are the sources of our funds that support our investments and consist of individuals, other organisations and institutional partners.

Creating mutual value
- We offer a distinctive and proven model that provides a sustainable financial developmental impact dividend
- Our funders and shareholders provide us with funds that support our investments

Stakeholder needs and concerns
- Financial performance and sustainable growth
- Development impact
- Strong corporate governance
- Accurate and reliable information
- Risk management

Our response
Ensuring financial sustainability and returns while delivering a social impact requires stringent financial management and sustained access to funding. This year we:
- Focused on increasing deal flow to strengthen our balance sheet, improve our financial sustainability, and unlock services to clients intended to improve their resilience by launching the new Energy Fund for SMEs
- Maintained focus on our key financial drivers of cost, liquidity and credit risk management, especially considering a tough operating environment
- Reviewed our ERM framework to ensure optimal risk mitigation practices are in place

See page 44 for further detail on our performance

Our impact:

What drives our business

Government

National and local government are important stakeholders to us as they directly impact our operating environment and ability to deliver on our purpose.

Creating mutual value
- We provide a stable SME base that continues to develop the SME sector, facilitating employment and expanding the tax base for the fiscus
- Engagement with government and local government provides us with an opportunity to raise awareness for our SMEs around the issues they face when local government failures impact infrastructure

Stakeholder needs and concerns
- Employment equity
- Compliance with regulations and legislation

Our response
Improved relationships with government are key to the success of our business. This year we:
- Continued to focus on transparency and compliance with relevant laws, codes, rules and regulations
- We increased our activities to enhance our social impact and ensure SME growth, employment and transformation in our markets

See page 90 for further detail on how we ensure we comply with the relevant laws and regulations

Our impact:

Industry associations

Mainstream chambers of commerce, township economy organisations and other subscription-based industry associations.

Creating mutual value
- We offer a distinctive and proven model that provides a sustainable financial developmental impact dividend
- Our funders and shareholders provide us with funds that support our investments

Stakeholder needs and concerns
- Champion SME matters
- Advocacy initiatives

Our response
Industry associations play a key role in advocating for our SMEs. This year we:
- Conducted a meta-study (review of the various South African research reports on SMEs) to inform the most relevant parts of the SME sector to focus our attention on.
- The key findings essentially provided evidence-based information and insights that we use to underpin and inform our advocacy programme

See page 72 for further detail

Our impact:

What drives our business

Media	
Traditional and digital media platforms	**Creating mutual value** • We are able to provide the media with access to data and improve knowledge of the SME sector • The media assists us with greater access to SMEs
Stakeholder needs and concerns • Access to quality information	**Our response** Access to SMEs and awareness around the challenges they face can be driven through the media. This year we: • Worked closely with our media partners to launch a new marketing campaign aimed at generating and sharing accurate and relevant data See page 30 for further detail

Our impact:

Our material matters

Determining materiality

Business Partners Limited undertook its first materiality review in 2023 to identify and understand the matters that impact our value creation and to help inform the content of our IAR. We undertook and independently conducted a desktop review to determine potential matters. The process applied a double materiality approach, whereby identified matters were considered based on whether they internally impact our ability to create value in the short, medium and long term, as well as how the Company may have an external impact. The approach is outlined below:

External review of global risk registers and peers → **Internal review** of Business Partners Limited's 2022 report, risk register and strategy → List of material matters **identified** → Material matters reviewed and **approved** for use in the integrated annual report

Material matters are factors that influence our ability to create and sustain value for the Company and our stakeholders.

The process resulted in a set of seven material matters with 22 supporting sub-matters. Each of these matters and supporting sub-matters, are unpacked on the pages that follow.

Ensure ethical, transparent governance

Practising and demonstrating good corporate governance is key to building stakeholder trust and predictability, and improving capital flow.

Sub-matters
- Transparency and compliance with relevant laws, codes, rules and regulations
- Foster an ethical culture
- Maintain good corporate governance to build trust

Stakeholders
- Funders and shareholders
- Government
- Employees
- Entrepreneurs and tenants

Strategic objectives
- Increase access to capital
- Increase deal flow
- Increased impact

Enhance technology and innovation

Digital solutions are a key business enabler – enhancing efficiencies, cost management and client relationships. They require effective control measures, management and governance to ensure their security and functionality.

Sub-matters
- Mitigate the threat of system failure and data theft
- Utilise technology to streamline processes and workflow

Stakeholders
- Entrepreneurs
- Tenants
- Employees

Strategic objectives
- Increase deal flow
- Increased impact

Mitigate environmental impacts

Business Partners Limited's direct environmental footprint is mainly through our property portfolio. We are aware of the growing pressure of climate change and the mitigating measures to adapt to this. We are equally aware of our duty to invest responsibly.

Sub-matters
- Climate change mitigation
- Improve the environmental impact of our property portfolio

Stakeholders
- Funders and shareholders
- Entrepreneurs
- Tenants
- Employees

Strategic objectives
- Increased impact

What drives our business

Operate within an unstable economic and political environment

The challenging local and global environment in which we operate provides both our call to purpose and challenges to overcome as a business. Tough economic conditions impact our clients' ability to grow their businesses and our access to well-priced funding.

Sub-matters
- Complex and unpredictable geopolitical and macroeconomic landscape
- Unstable South African socioeconomic environment due to low growth, inequality and unemployment
- Increased operating costs due to unreliable electricity supply, higher fuel prices and rising cost of raw materials
- Constrained business confidence, leading to SME hesitancy to expand their businesses or take on further debt

Stakeholders
- Government
- Entrepreneurs
- Tenants
- Employees
- Funders and shareholders
- Media
- Industry associations

Strategic objectives
- Increase access to capital
- Increase deal flow
- Increased impact

Attract, develop and retain skilled people

Attracting, training and retaining talent in a skills-scarce market is key to executing our strategic goals, serving our clients and ensuring business knowledge management and continuity.

Sub-matters
- Attract and retain talent
- Expand employees' skillsets through training and development

Stakeholders
- Entrepreneurs
- Tenants
- Employees

Strategic objectives
- Increased impact

Ensure financial sustainability

Ensuring financial sustainability and returns while delivering a social impact requires stringent financial management, as well as sustained access to funding. Returns and impact are critical to ensuring continued development-focused investment funding.

Sub-matters
- Grow the capital base to ensure sustained access to funding
- Implement stringent cost, liquidity and credit risk management
- Increase deal flow to unlock value-added services for clients

Stakeholders
- Funders and shareholders
- Entrepreneurs
- Tenants
- Industry associations

Strategic objectives
- Increase access to capital
- Increase deal flow
- Increased impact

Prioritise strong client and funder relationships

Client and funder relationships are the cornerstone of our sustainability and success. They ensure a continued source of funding and increased business success and impact.

Sub-matters
- Maintain strong relationships with clients
- Client acquisition and retention
- Expand and invest in our network of funders to enhance access to capital

Stakeholders
- Funders and shareholders
- Entrepreneurs
- Tenants

Strategic objectives
- Increase access to capital
- Increase deal flow
- Increased impact

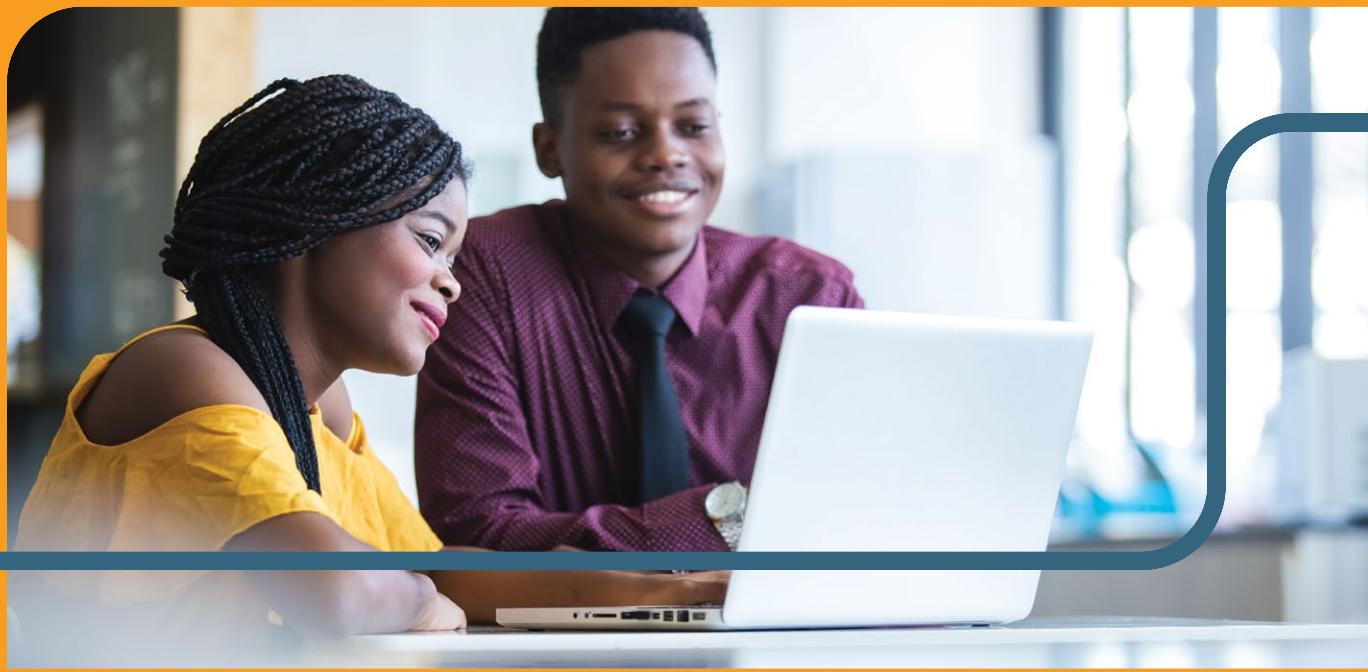
Enhance the SME ecosystem

Delivering social impact is important to us. We strategically endeavour to increase our activities to enhance this impact and ensure SME growth, employment and transformation in our markets. Failure to achieve this reduces our access to capital and business sustainability.

Sub-matters
- Deliver greater social impact
- Offer programmes and mentorship to entrepreneurs to grow their businesses
- Maintain a reputation as a trusted advocate for SMEs and entrepreneurs

Stakeholders
- Entrepreneurs
- Tenants
- Government
- Industry associations

Strategic objectives
- Increase access to capital
- Increased impact



Our Strategy

Our Strategy

We empower entrepreneurs to build sustainable businesses contributing to an inclusive and equitable society.

Strategic drivers

- Access to capital
- Access to deal flow
- Access to impact

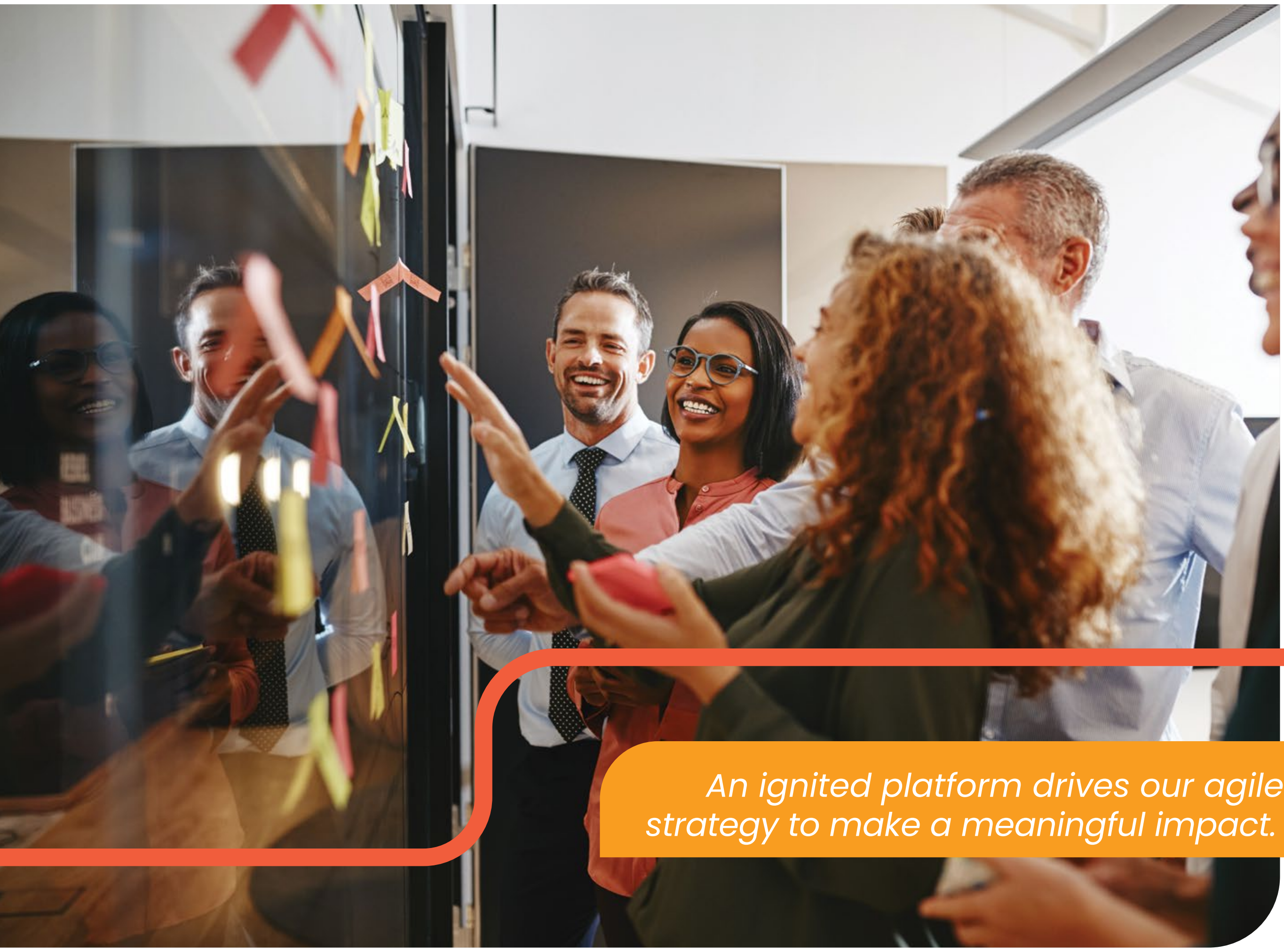
Strategic enablers

- Client centricity
- Digital transformation
- Operating model
- Change management

Driven by our 2026 strategy, we expect to increase our impact and substantively deliver against our purpose.

Strategic drivers

Our operating environment requires us to be agile in the execution of our strategy. Guided by our purpose, we continuously review the relevance of our strategic drivers and adjust them to ensure they remain responsive to the evolving needs of our clients and the SME sector landscape.



An ignited platform drives our agile strategy to make a meaningful impact.

Strategic driver	Focus	Key Performance Indicators
Access to capital	• Expand on our strong network of existing funders • Create awareness of the impact we deliver • Revise our approach to fundraising to align with the increase in capital needed • Invest in relationships with funders	• Funding secured • Financing transactions • Adequate liquidity Read our CFO report for more information on pages 46 to 49
Access to deal flow *Do more deals that make a difference*	**Simplify** • Application processes • How we engage with potential and existing clients • Our products and terms **Efficiency** • Quicker turnaround times • Faster due diligence and approval process • Nimbler implementation process **Feeling valued** • Consistency of service-level commitment	• Transactions financed • Processing time • Transactions with black-owned businesses • Transactions with women-owned businesses • Transactions per investment professional per year • Profit Read about our progress on pages 50 to 56
Increasing impact *Do even more good*	• Improve the tracking of our impact data • Communicate the positive impact we help create • Deepen our understanding of the SME sector • Raise awareness with an annual SME conference • Celebrate entrepreneurs by bolstering the Entrepreneur of the Year® awards • Increase engagement with local structures to cultivate future entrepreneurs • Enhance entrepreneurial skills in the SME sector	**Advocacy: entrepreneurship** • Stimulate • Develop • Support • Celebrate **Enterprise development** • Enterprise and supplier development • Socioeconomic development • Business clinics and technical assistance • Impact measurement and reporting Read more about how we create meaningful impact on pages 72 to 77

Our Strategy

Our strategic performance

Despite a clear strategy, our progress against our targets has been slow due to a challenging operating environment that impacts our clients and our funding. Entrepreneurs demonstrated a subdued appetite for finance and growth. Our current need for capital was reduced due to limited access to deal flow and decreased investment. However, we successfully responded to our clients' needs during this time and achieved positive outcomes. We renewed our focus on digital transformation and client centricity as strategic enablers, laying the foundation to expand our access to deal flow and capital and, ultimately, create greater impact.

Focus areas 2023	Key initiatives	Our response	Impact
Client centricity Our expertise and insights into funding and supporting SMEs uniquely position us to rise to the challenge and address the multifaceted requirements of supporting SMEs and their role in transforming the economy.	Remaining agile and responding to immediate client needs	• Developed and launched Energy Fund for SMEs (page 53)	• Increased funding opportunities for alternative energy sources enable businesses to continue operating during power cuts • Improved client satisfaction and trust
Digital transformation Digital transformation is integral to our business strategy and aims to increase efficiency, enhance systems, and protect our IT integrity.	Effective use of technology to improve client experience and improve internal operational efficiencies	• Updated website to allow users to access information efficiently • Improved online application process to include an application tracking dashboard • Took proactive measures to enhance our cybersecurity frameworks, consistently investing in robust protection against evolving threats	• Improved access to information • Real-time feedback to our clients • Improved internal efficiency through enhanced processing times of applications • Safeguarded our systems and client data to maintain trust and preserve the confidentiality of sensitive information
Living our purpose By leveraging a wide range of channels, including traditional media platforms such as radio and TV, we strategically engage our audiences, generating a positive influence and shaping perceptions that align seamlessly with our strategic objectives.	Embarked on a brand enhancement journey	• Recentred our purpose through our refreshed tagline: "The entrepreneur's financier" and logo • Improved 12-month advertising and marketing campaign to reach clients and create awareness	• Increased brand recognition and identity • Increased client base over the long term and improved market penetration that will lead to increased access to deal flow • Increased access to a talent pool

The year ahead

We understand the importance of embedding and fostering a culture that enables and supports our strategic drivers. We will prioritise enhancing our capacity and allocate dedicated resources to drive effective change management in our journey to implement our strategy.

Our operating model is centred around agility and innovation, ensuring that we remain adaptable to execute business transformation successfully. We aim to harness the power of machine learning and artificial intelligence (AI) technologies to optimise our operations further. We are exploring the integration of a chatbot and other AI capabilities on our website to expedite application processing. Furthermore, we remain committed to fortifying our cybersecurity frameworks to stay resilient against emerging cyberthreats. Our focus will persistently revolve around digital transformation, leveraging data analytics and optimising processes and structures.

We are actively exploring blended funding options to bolster our capital resources. We also continue developing new products tailored to meet our clients' evolving needs, thereby increasing our access to deal flow and fostering growth opportunities.

It is important for us to continue to balance increasing awareness and access to deal flow, with managing expectations and perceptions. We acknowledge that we may be unable to fulfil every request or opportunity. As such, we strive to maximise the effectiveness of our advertising initiatives in the year ahead and ensure the messages are carefully crafted to resonate with all our stakeholders.

By reinforcing our change management capabilities, embracing digital transformation and nurturing strategic partnerships, we are poised to drive sustainable growth and provide exceptional value to our clients in an ever-evolving landscape.

Our Performance

Our Performance

CFO's review

For the year under review, Business Partners Limited realised a profit of R249,8 million, a 3,9% decrease from the R260,0 million recorded in FY2022. Despite the challenges we faced in our external environment, our performance remained robust due to the high interest rate environment, remarkable resilience demonstrated by our clients and our cost management initiatives.

Our 2023 focus areas

We continued to support our clients to grow their businesses and navigate the impact of interest rate increases and electricity supply challenges by proactively aligning our offerings with their evolving needs. We focused on strengthening our business fundamentals and building internal capacity and capability. Maintaining strong discipline in our strategy implementation, good credit risk management and a strong governance approach further bolstered our performance. Additionally, we dedicated efforts to explore new product development opportunities, ensuring a comprehensive approach to driving growth and innovation.

Building capacity
Internally, we made significant strides in establishing a dedicated project management office, as well as operationalising its functions across the business. This strategic move has proven pivotal in enhancing our ability to deliver projects and execute our plans with precision. Despite a slower than anticipated start to the year, we made a deliberate effort to lay a strong foundation and establish a governance framework for this office. It was a collective effort, which played a critical role in ensuring successful project outcomes and driving positive results within Business Partners Limited.

Cost management
We continue to approach cost management with unwavering dedication and constantly seek opportunities to optimise how we deploy our assets and resources. By carefully evaluating our expenses and identifying areas for improvement, we aim to streamline operations and drive efficiency.

Credit risk
Credit risk management is crucial to our investment portfolio. Driven by client centricity, our patient approach prioritises the viability and sustainability of our clients' businesses. Our credit collection efforts are guided by a comprehensive understanding of our clients' credit risk profiles, and our credit analyses assess their business risk to determine credit risk profiles and anticipate potential losses effectively.

Drivers of our financial performance

Return on equity
6,4% ▼
(2022: 7,1%)

Earnings per share
4,2% ▼
142,8c
(2022: 149,1c)

Balance sheet

Loan portfolio
Lower deal activity levels affected the growth of our loan book, a key asset reflected on our balance sheet. Adverse macroeconomic conditions, combined with subdued SME appetite for business expansion, contributed to the decline in deal activity. However, our diligent adherence to business processes and rigorous risk management practices allowed us to maintain credit risk at an optimal level in the economic environment. While we have subdued growth on our loan book, our credit risk remains at similar levels to prior years, ultimately increasing the impairment of the loan book, albeit only marginally.

We maintain a patient capital approach and support our clients as they navigate running and growing their businesses in an adverse operating environment.

Property portfolio
Our property portfolio, Business Partners Limited's second-largest asset class, demonstrated improved performance through a steady recovery in property values and market activity. This positive trend is particularly evident in the small to medium industrial sector, which experienced a growing demand for smaller distribution centres driven by the increasing popularity of online shopping and hybrid working arrangements.

Notably, the fair value adjustment of our property portfolio increased substantially, reaching R61,5 million compared with R34,1 million in FY2022. Rental income and recoveries generated by a largely industrial property portfolio were strong; however, vacancies remained under pressure.

We remain optimistic about the future prospects of our property portfolio and will continue to leverage its strong position in the industrial sector and capitalise on the evolving dynamics of the real estate market.

Income and expenses

	GROUP	
	2023	2022
	R000	R000
Net interest income	**302 809**	281 151
Interest income	**392 353**	357 670
Interest expense	**(89 544)**	(76 519)
Fee revenue	**2 010**	2 093
Investment income and gains	**136 508**	143 880
Net property revenue	**164 345**	152 254
Property revenue	**347 221**	323 435
Property expenses	**(182 876)**	(171 181)
Management and service fee income	**18 278**	18 386
Other income	**2 008**	3 727
Total income	**625 958**	601 491
Net credit losses released	**7 108**	23 073
Staff costs	**(212 574)**	(204 217)
Other operating expenses	**(88 205)**	(68 351)
Profit before taxation	**332 287**	351 996
Income tax expense	**(82 444)**	(92 006)
Profit for the year	**249 843**	259 990

In the face of a challenging operating environment, Business Partners Limited remains steadfast in our commitment to deliver value and support the growth of our clients.

Investment income and gains
Investment income and gains for the year totalled R136,5 million, a slight decrease from R143,9 million recorded in FY2022. The decrease is driven by share exits which decreased from R59,9 million last year to R40,2 million this year. These exits primarily represent income generated through client equity buybacks and remain a big driver of our equity investments. The increase in the fair value of the property portfolio to R61,5 million (2022: R34,1 million) boosted the investment gains. In the prior year, we earned profits of R34,6 million from the sale of a property. There were no significant property sales in the year under review.

Our Performance

Net Property Revenue
Net property revenue – which comprises rental income, recoveries less property operating costs and maintenance – is a large contributor to our revenue and increased by 7,9%. Property expenses, which comprise both ongoing operating costs and necessary maintenance efforts, increased during the year as we prioritised maintenance activities that were deferred due to Covid-19.

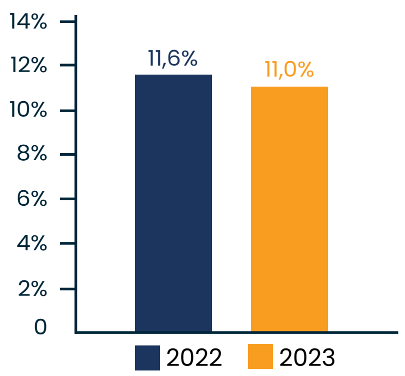
Expenses
Our biggest expense is employee remuneration, given the crucial role our intellectual property and talented workforce play in driving our business. Our commitment to maintaining competitive and attractive properties in a demanding market necessitates additional expenditures in property enhancements.

Our other operating expenses increased due to inflation and investments in cybersecurity frameworks and an increase in public relations and advertising. In November 2022, we launched a comprehensive marketing campaign to expand our digital presence and engage a broader audience across various channels, including radio and digital platforms. This marketing effort aligns with our overarching strategy, as we seek to strengthen our brand awareness and market position.

Expected credit losses
The credit risk of our loan portfolio improved from the prior year, but the expected credit loss impairment remained in line with the prior year at 11,0% (2022: 11,6%). This is a consequence of our prudent approach, losses, improvements in credit risk assessment and our alignment with IFRS 9.

We anticipate greater challenges for our clients in meeting repayment obligations in the future, given the high inflation and interest rate environment. We subsequently further increased our expected credit losses to anticipate the potential impact of this difficult operating environment.

ECL Trend



Liquidity management

Interest-bearing debt to total equity

2023	2022
26,9%	37,2%

We have strong liquidity and have met the repayment obligations on our debt facilities. We actively manage our liquidity profile, carefully assessing our funding needs and exploring opportunities for additional sources of capital. To this end, we secured a R600 million loan facility from the IFC for our green buildings initiative in FY2022. To date, the green buildings initiative is gaining traction with support from the IFC and its partners on the programme.

We aim to leverage these relationships so we can access the capital needed to support our plans and obligations and effectively run our business. By actively managing our liquidity, seeking strategic partnerships and adopting blended financing approaches, we can deliver sound financial returns while driving positive change within the communities we serve. Our relatively low level of debt provides opportunities to leverage our strong balance sheet in order to fund our strategic plans.

Our future focus

In addition to utilising our existing funding facilities, we recognise the significance of the year ahead as we embark on fundraising activities. Our objective is to consider blended finances, pooling resources together to maximise our impact and drive meaningful developmental outcomes. This blended fund approach is evident from the recent launch of our Energy Fund for SMEs. By joining forces with the Sukuma Fund, we can enhance our collective efforts and achieve a greater impact.

Our operational efficiency will remain a top priority as we strive to improve turnaround times and enhance the overall client experience. We will continue to invest in technology, systems and process improvements to streamline operations and deliver seamless and efficient services to our clients. We will continue developing and releasing new products tailored to address the evolving needs of our clients, considering the challenges presented by the current economic environment in the year ahead.

It is critical that we continue to invest in our people and build their capabilities. By providing ongoing training and development opportunities, we can enhance their expertise and ensure they are equipped to deliver excellent service to our clients.

We are committed to maintaining strong governance and controls to mitigate risks and safeguard the interests of our business and stakeholders. By adopting a proactive and comprehensive risk management approach, we position ourselves to effectively navigate challenges and seize opportunities.

Acknowledgements

I would like to extend my sincere appreciation to the dedicated team at Business Partners Limited for their effort and commitment over the past year. I am also grateful to our auditors, EY, for their diligent work in ensuring the accuracy and transparency of our financial reporting.

The unwavering support shown by our funders and partners has been invaluable in driving our purpose. With the collective efforts of our team, auditors, funders and partners, we are well positioned to continue making a positive impact and delivering on our strategy.

Chief Financial Officer
Rayna Dolphin

Our Performance

Business investments

What we offer

Our tailored business finance and support services are designed to address the distinct needs of established entrepreneurs. With our personalised approach, wealth of experience, and range of value-added services, we lay a solid foundation for entrepreneurial success.

Our business investments products and services include:

- SME financing (page 50)
- Property finance (page 53)
- Technical assistance and mentorship (page 55)
- Fund management

Investing in SMEs drives innovation, fosters resilience and builds a sustainable economy.

SME financing

We customise finance solutions to meet each individual business's financing needs and assist in building sustainable businesses. The financial support we provide, primarily used for growth capital, can be used for bolstering working capital, acquiring assets including owner-occupied commercial property, facilitating takeovers, commercial property ventures and enabling management buy-outs.

Investment target:

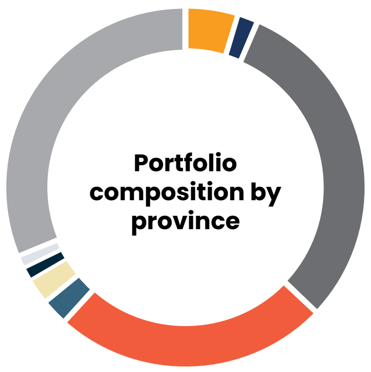
- Entrepreneurs who are building businesses that provide steady personal income and serve market demands in and beyond their local communities
- SMEs at all stages of growth that require between R500 000 and R50 million
- SMEs across diverse industries and sectors
- SMEs with viable business plans, sustainable market demand, and good management and operational capabilities

Investment products and services:

- Self-liquidating, quasi-equity instruments
- Proprietary appraisal and monitoring systems developed to streamline due diligence, deal processing and portfolio management for investments into SMEs on a large scale
- Technical assistance funds to assist with business growth strategies and to mitigate inherent financial and management risks

Our investment portfolio

Sector	%
Professional and personal services	41,9
Manufacturing	22,5
Travel and tourism	12,5
Building, plumbing and shopfitting	9,3
Retailing	5,1
Motor trade	4,9
Other	3,8



Province	%
Eastern Cape	6,3
Free State	2,2
Gauteng	35,9
KwaZulu-Natal	25,4
Limpopo	1,3
Mpumalanga	1,6
North West	1,9
Northern Cape	1,6
Western Cape	23,8

FY2023 investment performance

Our investment portfolio grew 2%, to R3 379,4 million (2022: R3 314,3 million). We approved 196 investments (2022: 225) to the value of R887,8 million (2022: R1 030,5 million) and disbursed R673,8 million (2022: R856,4 million).

Indicator	2023	2022	2021	% Change
Value of approvals	**R887,8m**	R1 030,4m	R744,3m	-13,8%
Value of advances	**R673,8m**	R856,4m	R570,7m	-21,3%
Number of approvals	**196**	225	285	-12,9%
Number of advances	**168**	192	227	-12,5%
Total Business Partners Limited investment portfolio	**R3 379,4m**	R3 314,3m	R3 228,7m	2%

Our Performance

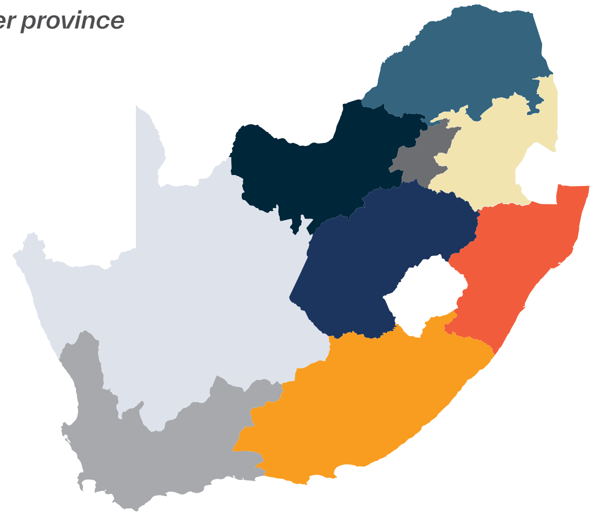
Distribution of business investments disbursements by sector

Hospitality, tourism and events recovered as domestic and international tourists returned after the pandemic. Manufacturing remains a key focus as alternative, and sustainable supply chains, are sought to reduce reliance on foreign suppliers. The persistent growth in the lower-tier private school market continues to provide a tailwind for professional and personal services.

Sector	2023	2022
Professional and personal services	**37,6%**	43,0%
Manufacturing	**22,6%**	24,5%
Building, plumbing and shopfitting	**9,3%**	16,0%
Retailing	**7,2%**	6,8%
Motor trade	**8,1%**	3,4%
Travel and tourism	**7,1%**	1,6%
Other	**8,1%**	4,7%

Business investments disbursement distributions per province

Province	2023	2022
Eastern Cape	**4,7%**	3,0%
Free State	**1,8%**	1,7%
Gauteng	**30,6%**	49,7%
KwaZulu-Natal	**24,6%**	16,3%
Limpopo	**2,4%**	0,8%
Mpumalanga	**2,4%**	1,7%
North West	**1,1%**	0,4%
Northern Cape	**1,2%**	1,4%
Western Cape	**31,2%**	25,0%



Investment impact

Disbursements and approvals to black-owned businesses increased by 3,9% and 0,5%, respectively, compared to the previous year highlighting our dedication to sustainable transformation. Disbursements to black-owned businesses amounted to R271,5 million, representing 40,3% (2022: 38,8%) of total disbursements, while disbursements to female-owned businesses amounted to R163,4 million, representing 24,3% (2022: 24,8%).

Indicator (by value)	2023	2022	% Change
Disbursements to black business owners	**40,3%**	38,8%	3,9%
Disbursements to female business owners	**24,3%**	24,8%	-2,0%
Approvals to black business owners	**40,2%**	40,0%	0,5%
Approvals to female business owners	**23,5%**	17,6%	33,5%

Increasing our impact – Launching our Energy Fund for SMEs

Loadshedding poses significant challenges for SMEs in South Africa, disrupting business operations and leading to production delays and income losses. Most SMEs lack the financial resources to invest in alternative power solutions, leaving them vulnerable to prolonged periods without electricity. The cost of operating or investing in alternative energy sources can further put strain on their finances, ultimately crippling their businesses.

In response to this crisis, Business Partners Limited launched an R400 million Energy Fund for SMEs in April 2023, driven by a strategic focus on increasing impact and understanding customer needs. The Energy Fund provides finance ranging from R250 000 to R2 million to business owners with viable businesses who need to invest in solar systems, battery systems, generators, inverter systems, wind generators and related products. The funding aims to provide SMEs with access to alternative energy sources and keeping their businesses operational, mitigating the impact of loadshedding.

The introduction of our Energy Fund serves multiple purposes. It allows our SMEs to mitigate the impact of loadshedding, enabling SMEs to operate with greater resilience and innovation. By prioritising the sourcing of alternative and sustainable energy, it also ensures business continuity.

Understanding and responding appropriately to our clients' needs underpin our purpose. We are committed to empowering our SMEs in the face of adversity to ensure we help drive sustainable and equitable business practices in a challenging energy landscape.

Supporting South African SMEs to power their business amid a challenging energy landscape

Property finance

Our property investment fund is specifically tailored to assist entrepreneurs in refinancing or acquiring their own premises for their businesses.

Despite a tough operating environment, demand for our property finance product remained robust as we focused on structuring finance for SMEs that enabled them to create wealth and secure tenure. The appeal of property ownership, particularly in uncertain operating conditions, lies in the increased operational and financial benefits it offers to SMEs. This attractive feature has contributed to the relevance and effectiveness of our property finance products in meeting the needs of our SME clients.

Property ownership empowers SMEs to build their dreams on solid ground, creating a legacy that goes beyond business success.

Our impact

Finance type	How it works	Total disbursed (2023)	Jobs created
Commercial property funding	• We provide up to 100% in commercial property finance to entrepreneurs to refinance or purchase their own premises or to add a property to their investment portfolio • We provide financing from R500 000 to R50 million for a maximum of 10 years	R 298,4 million 55 Transactions	2 112 Jobs created 1 184 Jobs preserved
Joint venture property funding	• We co-invest in multi-tenanted property properties that add to an entrepreneur's investment portfolio • We understand that multi-tenanted properties provide capital appreciation and a rental income	R 33,7 million 2 Transactions	107 Jobs created 11 Jobs preserved
Green buildings finance programme	• We provide up to 100% property finance to entrepreneurs to invest in green buildings and achieve green building certification • We finance the purchase, construction, and/or retrofit of buildings if their designs are certified under an eligible green building certification • We provide a non-refundable grant of up R150 000 for green certification and a 40% rebate of the capital expenditure to green the building (capped at 4,5% of the total cost of the building) • We concluded green building transactions, contributing towards the environment	Although there have been several approvals, no disbursements have yet taken place under this programme. However, we expect this programme to gain momentum in the forthcoming financial year.	

Our technical assistance programme and mentorship support service
As part of our commitment to ensuring the sustainability of the businesses we support, we offer value-added services that include consulting and mentorship by highly skilled business and industry specialists.

Technical assistance programme
Our technical assistance programme uses expert consultants to assist business owners in managing financial, management and reporting factors, the lack of which could contribute to business failures.

Beneficiaries:
- New and existing Business Partners Limited clients

Benefits:
- General business technical assistance and consulting
- Specialist technical assistance and consulting
- Sectoral technical assistance and consulting
- Turnaround solutions
- Training of any employees of a portfolio company

Fees
- Services are offered via loans at a zero percent interest rate
- Technical assistance is coupled with the finance deal and is repayable over the term of the finance deal.

Our technical assistance programme is implemented in partnership with the Swiss State Secretariat for Economic Affairs.

Mentorship support service
Our mentorship support service links carefully selected senior business and professional people with business owners in a mentorship relationship aimed at sharing business expertise, technical skills, and wisdom and assisting business owners in improving the efficiency, profitability, and growth of their businesses.

Beneficiaries:
- All entrepreneurs, including those who are not clients of Business Partners Limited

Benefits:
- Mentors share business expertise, technical skills and experience
- Assists entrepreneurs in improving the efficiency, profitability and growth of their businesses

Fees
- Fees are commensurate with the complexity of the entrepreneur's business development needs

FY2023 Technical assistance programme performance
Our technical assistance programme disbursed loans to the value of R6,4 million (2022: R5,0 million).

Indicator	2023	2022	% Change
Value of technical assistance programme approvals	**R12,0m**	R8,3m	44,6%
Value of technical assistance programme disbursements	**R6,4m**	R5,0m	28,0%

Empowerment lies at the heart of our collaborative efforts with entrepreneurs as we strive for a more inclusive and equal society.

Our Performance

Empowering Kalinda Trading CC: A tale of resilience

Established in 2004 by Mr. Johan Roux, Kalinda Trading CC has become a renowned family business synonymous with excellence in the manufacturing of peanut butter and related products. With a keen eye for expansion opportunities, the company later established a state-of-the-art blanching plant, further elevating its capabilities in roasting raw products and diversifying its product offering.

In a strategic move to fuel growth and make its mark in the dynamic retail market, Kalinda Trading applied for a loan facility in 2021 from Business Partners Limited. During the implementation phase, the company faced an unforeseen setback with the unfortunate passing of two members, Mrs Sandri Roux and Mr Wouter Roux, due to Covid-19.

This event necessitated additional support, prompting the Business Partners Limited investment team to provide technical assistance funding. Kalinda Trading's executives showed exceptional leadership by managing and leading the company amid adversity. To adapt swiftly to the sudden changes in the business landscape, Amelia du Preez, the appointed CEO, orchestrated significant changes. These changes included realigning the 'company's reporting structure, systematising processes, and reviewing 'employees' roles and responsibilities. With her unwavering drive and positive energy, Amelia set the stage for a united workforce, obtaining the necessary buy-in from employees.

The timeous intervention of the technical assistance funding proved instrumental in sustaining Kalinda 'Trading's operations and preserving 32 valuable jobs. This collaboration between financial backing and strategic mentorship empowered the entrepreneur, new management, and dedicated employees to navigate the challenges and seize new opportunities. Kalinda 'Trading's journey serves as an inspiration, demonstrating the resilience and determination of an industry leader with a passion for delivering high-quality peanut products.

Key impact

Industry: Retail industry
Number of jobs: 39
Investment funding: R7,05 million investment funding and R1,3 million Technical assistance funding

Support offered: Investment funding, technical assistance and mentorship

Future focus and outlook

While the macroeconomic environment may present poor growth prospects and increasing cost pressures, we remain resolute in our dedication to investing in SMEs. We understand that these challenging circumstances require us to adapt and innovate, and our goal remains to enhance our investment activity by launching new relevant products that align with market demands. We are committed to continuously improving our technical assistance offerings and streamlining our processes to better serve the needs of the businesses we support.

Technical assistance is the bridge between ambition and achievement. We stand by our commitment to SMEs, offering tailored support to help businesses achieve success.

Property and asset management

Our property investments are a key asset class, serving as a cornerstone of our business model. We strive to empower entrepreneurs (our valued tenants) to create jobs, and become independent, financially confident, and prosperous.

The income earned from our property investments enables us to provide our business owners with investment options, commercial property finance, and financing solutions. Our property asset management services aim to achieve good returns and dispose of our underperforming assets, while our property management services focus on tenant administration, facilities management, credit control and the operational aspects of the asset class.

Property management
Our properties are managed by our inhouse property management team, which provides health and safety, facilities and utilities management.

Asset management
Our asset management team is responsible for portfolio analysis, tracking market trends and overseeing disposals.

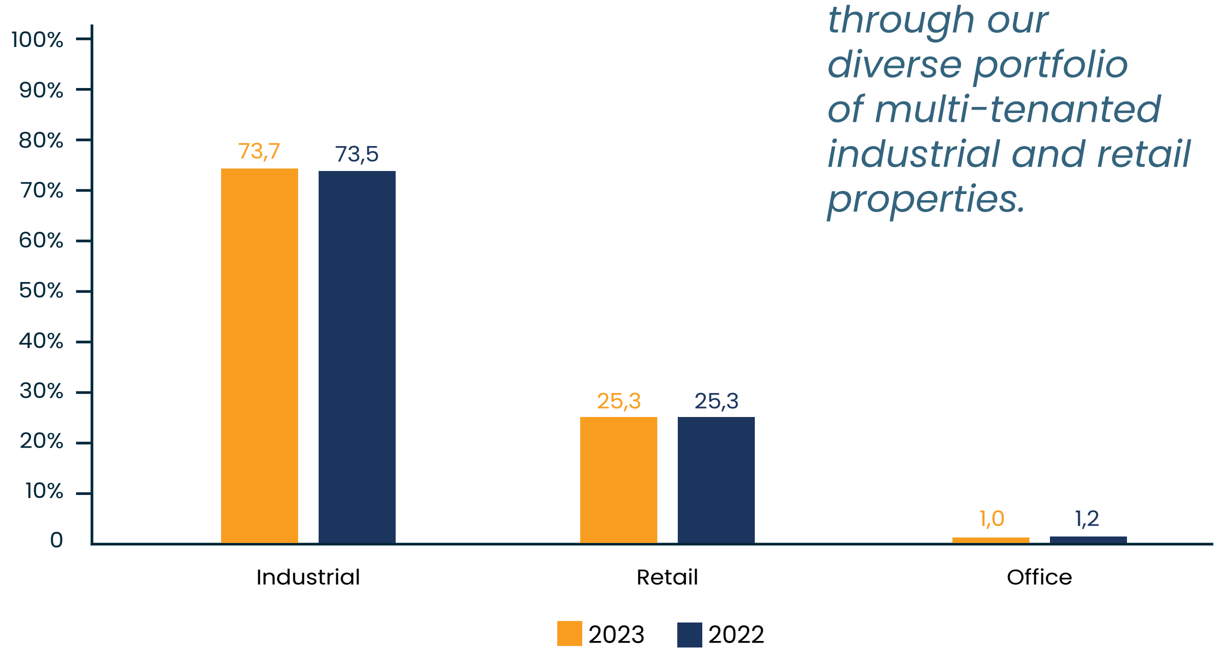
Our property portfolio

R1,8 billion portfolio value | **109 properties owned** | **29 properties managed**

Our scope of property investments is defined by opportunity and capacity. Our total property investment percentage currently amounts to 36,8%, just below our maximum exposure target of 40%.

Our portfolio investment focus is targeted at small, multi-tenanted industrial properties that we wholly own and that meet the needs of our SMEs. We also have smaller investments in some retail properties and a few office spaces. Our limited exposure to office spaces remains a strategic decision informed by the lasting impacts of the pandemic. Even though our financing clients represent a small segment of our tenants, the nature of our portfolio focuses on supporting initiatives in the SME sector.

Sectoral breakdown of the property portfolio value

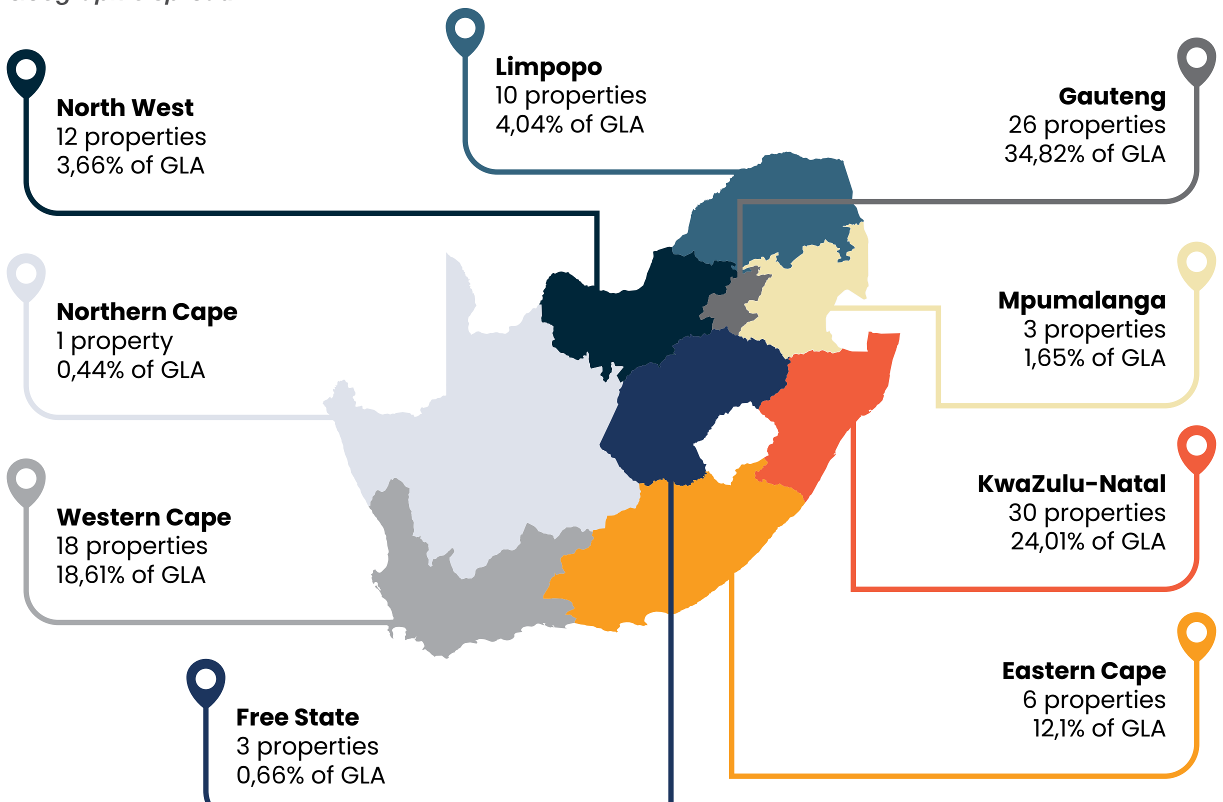


Nurturing SMEs through our diverse portfolio of multi-tenanted industrial and retail properties.

Our Performance

Where we operate

Geographic spread



*GLA - Gross lettable area

Top five highest value properties

Property	Value R'000	GLA	No. of Tenants
Rambo Junction (Industrial)	R86 206	12 288,1 m²	16
Silverton (Industrial)	R83 055	23 745,7 m²	45
Mooikloof Shopping Centre (Retail)	R72 209	4 486,6 m²	25
Osborn Park (Industrial)	R71 985	12 321,0 m²	11
Eldo Square (Retail)	R66 839	3 663,0 m²	23

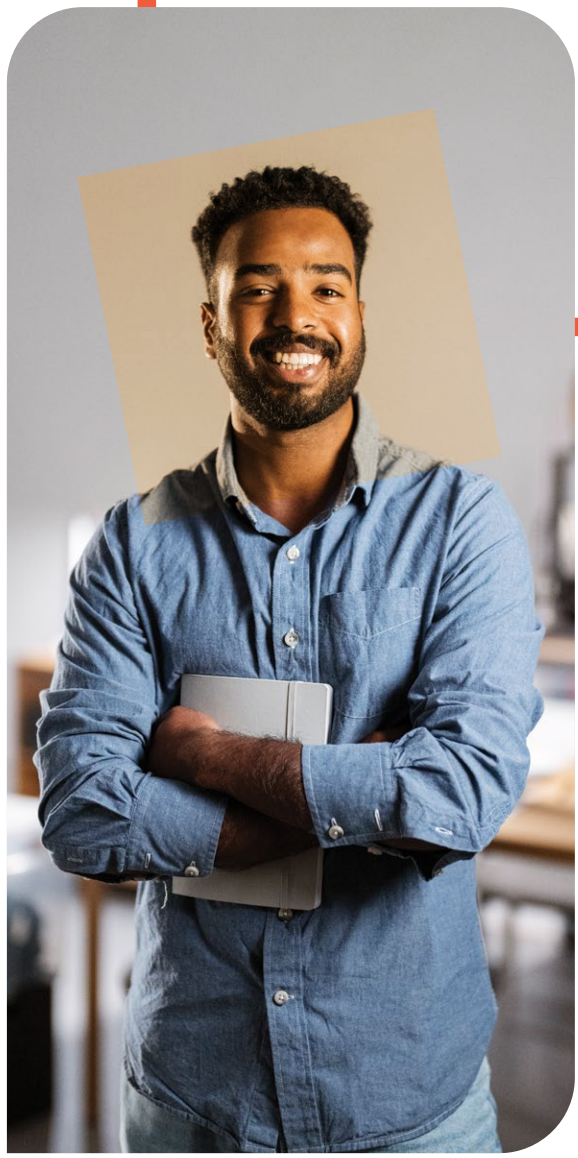
Our property and asset management performance

Our property portfolio performance was impacted by a challenging macroeconomic environment characterised by high interest rates, high inflation, and failing municipal infrastructure, compounded by an electricity crisis. Consequently, we experienced a slight increase in vacancies. The implementation of stage six loadshedding schedules severely disrupted production, leading to increased diesel expenditure, overtime costs, and reduced affordability.

Several of our properties are equipped with generators to ensure uninterrupted power supply to common areas during loadshedding or power outages. In line with our commitment to sustainability and resilience, we placed JoJo tanks within our real estate portfolio. These tanks enable us to operate autonomously without relying on municipal water supply for up to two days, providing a reliable water source in the face of potential disruptions.

Insurance premiums escalated significantly as insurers raised rates by between 50% and 100% to compensate for damages caused by power surges, loadshedding, adverse weather conditions, and mounting socioeconomic tensions. The high operating costs continue to pressure property managers to provide affordable rental properties and remain competitive while generating higher yields.

The composition of our property portfolio has been carefully selected to mitigate excessive exposure to any single sector, client or geographical area, particularly in the office segment. Maintaining operational continuity for the benefit of our tenants remains a key driver of our business model and strategy.
Despite these challenges, we remained committed to cost-reduction initiatives and were able to pass on some of these savings to our tenants. Additionally, we extended support to our property service providers, many of whom are SMEs, through favourable payment terms and rotational appointment practices. We continue to diligently work towards providing our tenants with an investment mix that supports their needs while fortifying the resilience of our portfolio.



Property valuation and income
The value of our portfolio is slightly higher than 2022, due to fair value adjustments and capital improvements. The gross income yield on our property portfolio was 18,7% (2022: 18,6%) translating to a net yield of 13,1% (2022: 11,50%).

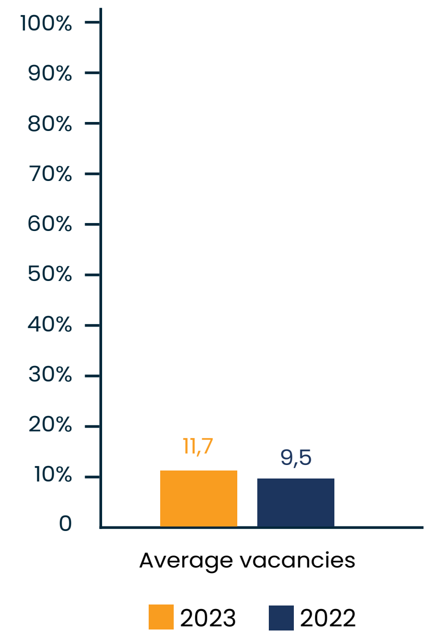
Indicator	2023	2022	% Change
Investment properties	**R1,8 billion**	R1,7 billion	5,8%
Capital Yield	**9,6%**	9,4%	0,2%
Capital growth	**3,5%**	2,1%	1,4%
Total Return	**13,1%**	11,5%	1,6%

Our Performance

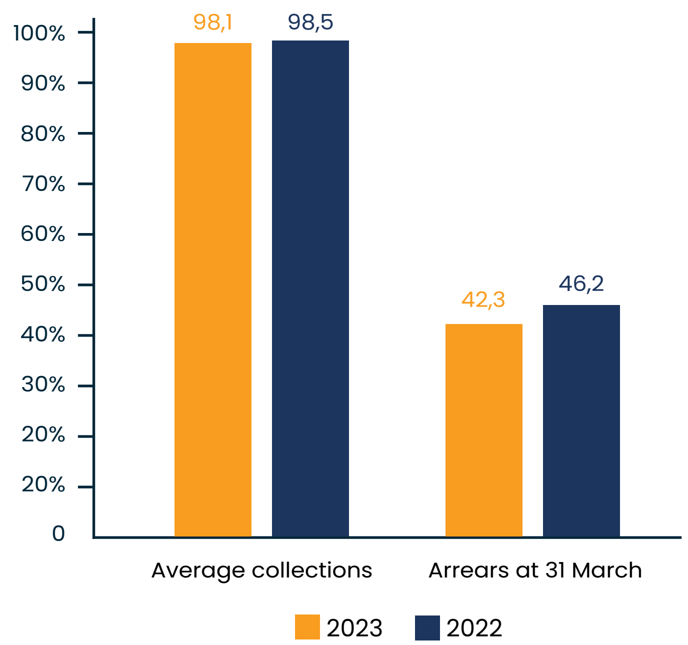
Vacancies
The average vacancy rate of 11,7% (2022: 9,5%) reflects further pressure in the market due to the continued high inflation and interest rates compounded by prolonged loadshedding schedules on our tenant base in 2023. Analytics indicated that most vacancies within the portfolio are concentrated to select buildings. These predominantly older buildings were originally designed for specific tenants, necessitating potential repurposing for new occupants. Increased efforts in each of these buildings are expected to yield improved results in the coming financial year.

Arrears and collections
Rental collections improved by value while the percentage remained relatively unchanged. The average 98,1% collected, which includes tenants paying in advance and collection of rentals that were in arrears, is evidence that tenants remain committed to meeting their rental obligations.

Vacancies



Arrears and collections



The arrears percentage is calculated by determining the total value of arrears at the end of each month and expressing it as a percentage of the total rent raised for that month. Arrears will be adjusted upon the resolution of legal proceedings against a tenant. This emphasises how the performance of the entire property portfolio can be impacted by a small number of tenants.

Development impact

Our purpose is to empower entrepreneurs and build sustainable businesses that contribute to an inclusive and equitable society. We strive to create a positive development impact by actively renting and investing in properties occupied by black and female tenants. We measure our success in this area by monitoring the percentage of properties leased to such businesses.

Indicator	2023	2022	% Change
Percentage of female tenants	24,6%	23,6%	4,2%
Percentage of black tenants	53,5%	47,8%	11,9%

Achieving developmental impact also entails enhancing our procurement processes by striking a balance between upholding standards and quality of work while adhering to best practices. In 2023, we successfully met or exceeded most of our targets in this regard.

Principle measure	National target	National actual
All suppliers	100	116
QSE and EME	90	91
More than 51% black owned	90	102
More than 30% black owned	36	51

Environmental impact

As responsible corporate citizens, we understand the importance of businesses actively addressing environmental and resource challenges. Many of our properties have been retrofitted with energy and water-saving devices to reduce our environmental impact and reduce our tenants' consumption and costs. We retrofitted two of our properties in partnership with the IFC in the Going Green Campaign and will continue to include more properties in future.

The key elements in effectively managing climate change are carbon emissions, energy, water and waste. We measure our use and outputs on a regular basis so that we can target year-on-year improvement in consumption through sustainability initiatives to reduce our carbon footprint and the cost of occupancy. During the year, we implemented initiatives to reduce our environmental impact, including measuring our consumption.

Consumption (FY2023)

Region	Water (Kℓ)	Electricity (kWh)
Coastal	94 961,8	7 938 137,6
Inland	105 323,6	10 669 800,9
Total	**200 285,4**	**18 607 938,6**

Total fuel consumption (Kl)

Item	2023	2022
Vehicles	**5 428,6**	4 184,8
Generators	**12 549,0**	789,5
Total	**17 977,6**	**4 974,3**

Initiatives to reduce our environmental impact

Carbon dioxide saved in metric tons
2023: 76 740
2022: 75 088

Waste diverted from landfill
2023: 222,5 m²
2022: 976,66 m²

Energy savings due to recycling
2023: 520 265 kWh
2022: 436 457 kWh

Water saved due to recycling
2023: 737 348 ℓ
2022: 910 595 ℓ

Trees saved due to recycling
2023: 1 453
2022: 1 729

Our Performance

Future focus and outlook

We operate in a competitive market and acknowledge the importance of providing our tenants, both current and potential, with relevant, modern and affordable premises that cater to their needs. We anticipate ongoing challenges with electricity supply, prompting a heightened emphasis on green initiatives and renewable energy solutions for our buildings. Despite the current difficulties, we believe that property is a key asset class, and we are strategically invested in the right sectors.

Once the electricity supply is effectively managed, the South Africa's growth prospects are expected to improve, leading to a more favourable outlook. By diligently implementing greening initiatives, efficiently managing water and electricity consumption, strategically acquiring and disposing of properties, and attracting and retaining the right talent, we aim to strengthen our asset base and position ourselves for long-term success.

Business Partners International

What we offer

Business Partners International's (BPI) purpose is to replicate the successful Business Partners Limited model and deliver sustainable impact-focused SME access to finance and technical assistance support in selected African countries. We achieve this through the management and administrative support provided to Business Partners International Africa LLC (BPI Africa), a company that shares the same purpose as Business Partners Limited and which strives to deliver a measurable development impact while remaining financially sustainable. BPI operates in Kenya, Malawi, Namibia, Rwanda and Uganda.

Read more about BPI in our impact report.

Our investment vehicle

With extensive experience in SME-focused funds across Africa, BPI has gained valuable insights into the limitations of the traditional fund model. The model's five-year investment period and three to five-year divestment period posed challenges for development finance, particularly in the context of SMEs.

In response, BPI took a proactive approach in 2016 by establishing BPI Africa, a sustainable vehicle for SME risk capital. BPI Africa deviated from the traditional fund model by establishing itself as a perpetual life investment company that consolidated in-country subsidiaries of fund and fund manager entities into a single vehicle. This consolidation also allowed BPI Africa to leverage Business Partners Ltd's extensive back-office infrastructure, proprietary management systems, and experienced team in a cost-effective manner.

Bridging the financial gap for business owners across five African countries, driving economic growth and sustainable development.

Initially, BPI Africa consolidated its exposure by establishing wholly owned subsidiaries in Kenya and Uganda, and acquiring full ownership of BPI Rwanda SME Fund, transforming it into a permanent vehicle. Building on this success, BPI Africa expanded its operations by establishing new operations in Namibia (June 2022) and Malawi (August 2022), extending its financial and technical assistance support to five African countries.

BPI Africa is guided by a 10-member board of directors, comprising an independent chairperson, independent directors, shareholder-appointed directors, and regulatory-required Mauritian directors, ensuring strong governance and oversight.

To ensure synergy between BPI Africa, its investment teams, and the broader Business Partners Limited organisation, BPI has been contracted as an adviser to oversee the Company's operations and provide advisory services. These services encompass broader corporate governance, investment and portfolio management, and general operational issues. BPI offers full back-office technical support, including deal flow generation and modelling platforms, due diligence databases, investment committee services, legal support, risk management, accounting and administration services, and human resource management.

Through this strategic approach, BPI Africa aims to address the limitations of the traditional fund model, optimise operational efficiencies, and maximise synergies within the broader Business Partners organisation. By providing sustainable SME risk capital and comprehensive advisory services, BPI Africa is well positioned to support the growth and success of SMEs across Africa.

Our performance

Investment performance

In the wake of the pandemic, a more favourable operating landscape has emerged in the African geographies we operate in. This improved environment has significantly contributed to our performance. However, it is important to acknowledge that small businesses are still grappling with the lingering effects of the Covid-19 pandemic. As they strive to recover, access to capital becomes increasingly important.

We noticed a growing trend in the demand for growth capital as many SMEs depleted their reserves to remain afloat during the pandemic. To increase SMEs' access to capital, we strategically shifted our focus towards increasing the volume of transactions, even though the actual value of single disbursements might have been of lower value. This approach enabled us to broaden our reach to have a larger and more profound impact.

During the year, we recorded a 32% year-on-year increase in a number of approved investments and a 15% year-on-year increase in the value of investments approved. We have successfully grown our portfolio, reached more SMEs, improved the quality of our investments and concurrently reduced capital risk through our strategic interventions.

We are dedicated to upholding the highest standards and providing the necessary resources, guidance, and support to facilitate our successful growth while staying true to our mission of fostering economic growth and creating sustainable impact in the communities we serve.

Our Performance

Entrepreneur turns passion into successful business with help from BPI Africa

Her passion for food inspired this Rwandan entrepreneur to merge her profession as a food scientist and her working experience at a manufacturing plant to start the E & S Food Direct journey in 2012. Mrs Ernestine Uwamahoro's business success can be attributed to her drive, the finance she received from BPI Africa and the support from her husband, Emmanuel Hererimana. Mr Hererimana offers great support as he brings his vast experience in finance to assist with the financial aspect of the business.

E & S Foods Direct offers a wide selection of confectionery produce and they supply bakery products to the local market. Their outlets offer a range of delicious treats from bread, cookies, and cakes. They offer their products to individuals, public institutions, and corporates in and around Kigali City.

Since the venture began in 2012, the couple's company is located in Kicukiro- Kigali City and they have also managed to open two other outlets in Kigali City, one is located in the CBD and the other Kicukiro. This venture has managed to create employment for approximately 30 individuals.

In 2018 the business managed to achieve a monthly turnover of RWF 34 million, the figures increased in 2019 to RWF 40 million, unfortunately, things took a turn due to the Covid-19 pandemic that hit most businesses. E & S Foods Direct experienced a drop in their turnover to RWF 33,4 million due to the impact of the Covid-19 pandemic.

The couple approached BPI Africa for assistance to turn things around and they received technical assistance under the Second Chance programme to get a baking and pastry expert to help improve the quality of produce and to also introduce new products to the market. The technical assistance programme also assisted E & S Foods Direct in the purchase of a bakery management software solution, to hire consultants to develop a strategic plan as well as for the finance and human resource manual development. BPI Africa has funded E & S Foods Direct a total of RWF 15 million towards the development of the business.

Diamond Academy – Kenya
Industry: Education
Number of jobs: 16
Investment funding: USD 10 361
Support offered: Technical assistance and business investment funding

Slice and Cake - Rwanda
Industry: Fast-moving consumer goods
Number of jobs: 8
Investment funding: USD 15 285
Support offered: Technical assistance and business investment funding

E&S Foods Direct – Rwanda
Industry: Fast-moving consumer goods
Number of jobs: 30
Investment funding: USD 15 285
Support offered: Technical assistance and business investment funding

Future focus and outlook

Looking ahead, we are driven by a strategic vision that includes expanding our operations into additional African countries, further extending our reach and impact across the continent. As part of our short-term goals, we aim to continue growing our investment activity, impact in the countries we operate in, and ensure a sustainable and robust financial structure.

With a focus on sustainability and economic development, we remain committed to supporting SMEs in Africa. We firmly believe that the current geographies in which we operate present significant growth opportunities, with GDP growth rates ranging between 4% and 7%. These favourable economic conditions position us well to capitalise on the potential for success. We recognise that some countries where we operate, such as Kenya, Malawi and Uganda, are subject to climate change risks, particularly in the agricultural sector. As responsible corporate citizens, we actively assess and manage these risks to mitigate their potential impact on our operations. By diversifying our investment portfolio across different sectors, we aim to reduce capital risk and ensure a resilient business model.

Our people

We drive a high-performance culture rooted in commitment, collaboration, and a passion to create meaningful impact. We recognise that our people are key to our success and play a vital role in delivering on our strategic objectives, especially our focus on client centrism. Throughout the year, we remained committed to investing in the skills and well-being of our employees to drive our organisation forward. Our family-oriented environment aligns with our client-centric approach, fostering a sense of care and support. With a significant number of long-standing team members, our workforce exemplifies loyalty, experience, and a deep understanding of our business.

Building a high-performance culture through our employee value proposition

Our employee value proposition (EVP) is designed to attract and retain top talent by offering a range of compelling benefits and opportunities.

Our EVP in practice

Improved employee engagement	Our focus on wellness	Work-life balance	Skilled workforce	Competitive remuneration	Celebrating diversity
We conducted an employee engagement survey to gain valuable insights into the satisfaction, motivation, and overall well-being of our workforce.	We implemented an Independent Counselling and Advisory Services (ICAS) employee assistance programme, designed to support the legal, psychological, physical, and financial health of our employees.	We adopted an office-first hybrid working model in response to changing work dynamics and to continue promoting work-life balance.	We invested in training programmes that emphasise the importance of understanding and meeting the needs of our clients.	Our EVP is underpinned by fair and competitive pay that supports employees' overall well-being.	We celebrate the incredible power of employee diversity and its transformative impact on our organisation.
Effectiveness sessions increased team function - Improved trust - Improved engagement	Improved support and guidance for employees - Healthier work environment	Improved collaboration and effectiveness - Improved employee morale	Skills development score contributed to the achievement of our Level 1 BBBEE score	Job grading remains our method to continue improving our fair pay benefits	Innovative solutions - Empowered workforce - Level 1 BBBEE

Our Performance

In 2023, the first year of our new strategy implementation, we achieved significant milestones in our journey towards operational excellence. The successful launch and implementation of the enhanced human resources information system in 2022 assisted in streamlining processes, improved data accuracy and enhanced employee experience in the year.

We participated in effective communication and comprehensive training following an employee engagement survey and worked to improve work-life balance while ensuring we reached our strategic objectives in terms of the new strategy.

Our employees' depth of knowledge and understanding in the SME landscape positions us as trusted advisors, enabling us to provide tailored solutions and drive positive outcomes for our clients.

Celebrating the legacy of our longest-serving regional general managers: Reflecting on the journey with Business Partners Limited

In April 2023, Business Partners Limited bid farewell to Byron Jeacocks and Anton Roelofse, the Company's longest-serving regional general managers. Each with a tenure of more than 30 years, both Byron and Anton hold a wealth of knowledge and professional networks. Their contributions remain critical elements we aim to foster and preserve in the organisation.

At their farewell during the Annual National Operations Conference, both Byron and Anton shared some of their insights, highlighting the qualities that have made Business Partners Limited an outstanding workplace. Excerpts of their messages included their appreciation of the Company's robust EVP, which goes beyond competitive remuneration, as well as the Company's commitment to fostering a fulfilling work experience. They commended the Company for its unwavering dedication to being a learning organisation, with numerous avenues available for growth and development – not only through interactions with colleagues but also by learning from the experiences of business owners. Business Partners Limited's commitment to continuous learning not only enriches individual skill sets but also fuels the Company's overall innovation and adaptability.

Lastly, Anton drew attention to the invigorating energy derived from daily interactions with entrepreneurs. Their passion, resilience and drive serve as a constant source of inspiration within the Company.

"This vibrant environment fosters a positive and motivating culture, where employees are empowered to thrive."
– Byron Jeacocks

Our EVP in practice

Employee diversity
We recognise that a diverse workforce is essential for driving innovation and ensuring the long-term success of our organisation. Embracing diversity goes beyond mere representation; it is about actively seeking out and listening to diverse voices, perspectives, and experiences. We believe that a diverse and inclusive workforce allows us to develop innovative solutions, tailor our services, and enhance our client value proposition.

	Business Partners Limited		Business Partners International		TOTAL	
Race	2023	2022	2023	2022	2023	2022
Black	193	177	22	19	215	196
White	67	73	0	0	67	73
Total	**260**	**250**	**22**	**19**	**282**	**269**
Age of employees						
18 - 30	63	60	5	5	68	65
31 - 40	95	93	11	9	106	102
41 - 50	48	48	4	3	52	51
51 - 60	40	36	2	2	42	38
Over 60	14	13	0	0	14	13
Total	**260**	**250**	**22**	**19**	**282**	**269**
Gender profile						
Female	165	152	11	8	176	160
Male	95	98	11	11	106	109
Total	**260**	**250**	**22**	**19**	**282**	**269**

Employee engagement survey
We conducted an engagement survey in January 2023 to prioritise the satisfaction, motivation and overall well-being of our employees. The feedback provided by our employees serves as a compass, guiding us in making informed decisions that align with their expectations. It allows us to identify areas where we excel and areas that require improvement.

The responses we received reinforce the importance of appreciation and recognition in cultivating a positive workplace culture. Our employees highly rated feeling valued and recognised for their contributions, which further motivates us to foster an environment of appreciation and acknowledgement.

The survey also brought attention to areas that require our focus and improvement. It highlighted the need to enhance communication channels between all levels of the workforce, recognising that effective communication is vital for transparency and collaboration throughout the business. Survey results also indicated the significance of market-related pay, prompting us to introduce measures to continually assess and enhance our compensation practices to ensure fairness and competitiveness.

We are committed to using this feedback to shape our plans so that our employees feel valued, supported, and motivated as we continue to drive the success of Business Partners Limited.

Employee wellness

We launched the ICAS employee assistance programme to support our employees' mental, physical, and financial health in June 2022. The programme offers a range of services and resources that provide the necessary support and guidance for maintaining a healthy and balanced lifestyle. ICAS provides a supportive and confidential environment, where employees can seek guidance and navigate difficulties with the help of professional assistance. Employee uptake and utilisation of all ICAS services since inception is encouraging.

Hybrid work model

In response to changing work dynamics and to promote work-life balance, we adopted an office-first hybrid working model. This model allows our employees to work from home two days a week while spending three days at the office. The office-first hybrid working model was implemented on a trial basis and was positively received by our employees, enabling greater flexibility while maintaining efficiency and collaboration.

Training and skills development

80% of our employees took advantage of our diverse training offerings, including inhouse courses and external programmes to enhance their professional growth. These initiatives included pursuing formal qualifications through renowned universities and participating in external short courses, with a cumulative investment of R4,9 million. By empowering our employees through continuous learning and development, we ensure that they are equipped with the necessary tools and expertise to thrive in their careers.

We are committed to being a good corporate citizen by contributing to the development of communities. This is achieved by reducing high unemployment levels and developing talent in the financial services industry through various learnership and internship programmes that provide work experience to South African graduates. In the year under review, we actively contributed to the development of 28 graduate interns, South African Institute of Chartered Accountants and Chartered Institute of Management Accountants trainees.

Client-centric training

We have invested in training programmes that emphasise the importance of understanding and meeting the needs of our clients to enhance our client-centric approach. These programmes help our employees gain valuable insights into customer service, the evolution of customer expectations, and the role of client centricity in driving business success. This training supports our efforts to deepen client engagement, build strong relationships, and deliver exceptional value to our clients.

Talent attraction

The "war on talent" has led to a competitive environment for finding skilled professionals in the market. This environment makes it challenging to attract and retain top-tier talent in our organisation. We are actively placing a strong emphasis on building a compelling brand that showcases our unique Company culture, opportunities for career advancement, and the positive impact we have on our clients and the broader community. We believe that we will attract top talent, motivated by our mission and values, by positioning ourselves as an organisation that values innovation, fosters a supportive work environment, and offers meaningful development opportunities.

We are adopting innovative approaches to talent acquisition, leveraging digital and social media platforms to expand our reach and engage with a wider pool of potential candidates. We are actively investing in targeted recruitment campaigns.

We are equally committed to nurturing our internal talent. We prioritise employee development and provide robust learning and growth opportunities to our existing workforce. By investing in the skills and capabilities of our employees, we aim to retain and promote talent from within our organisation, mitigating the impact of talent scarcity. We are confident in our ability to attract and retain exceptional professionals who will contribute to our long-term success.

Multi-million Contribution Club recognises outstanding performance

The Multi-million Contribution Club is an exclusive club that celebrates the remarkable achievements of our operational employees who have demonstrated exceptional performance in their respective roles. To qualify for membership, individuals must surpass a contribution level of more than R2 million for business investments and at least R4 million for property investments during the financial year. This year, Lawrence Ramotala from our Inland Fund, Ferdie Smith from our West Coast region and Eston Naidoo, Navern Munian (Posthumous), Sanjay Premduth and Shakti Ramphul from our East Coast region managed to meet the stringent criteria to qualify for the Multi-million Contribution Club.

The Multi-million Contribution Club is testament to our operational employees' dedication and exceptional abilities. Their outstanding performance has not only surpassed financial milestones, but has also had a significant impact on the success and growth of our organisation. We applaud their unwavering commitment, exemplary achievements and relentless pursuit of excellence.





Fair and competitive pay

At Business Partners Limited, we firmly believe in delivering competitive remuneration that recognises the value and contributions of our employees. Our remuneration structure encompasses various components, including salaries, benefits, and incentives.

We are dedicated to fostering a workplace that is free from discrimination, ensuring equal remuneration for work of equal value. We strive to eliminate any form of bias, whether direct or indirect, based on race, sexual orientation, gender or disability. By upholding the principle of equal pay, we actively promote a diverse and inclusive culture that values the unique contributions of every individual.

In addition to our focus on fair remuneration, we prioritise succession planning and job grading as vital elements of our talent management strategy. Understanding the risks associated with the tenure of our long-serving employees has led to intensified efforts in our succession planning. By systematically evaluating roles and our employees' relative worth within our organisation, we ensure equitable compensation practices and maintain a workforce that is aligned with our strategic objectives.

Succession planning

We proactively identify key specialist roles within the organisation that, if left vacant, could have a significant impact on our operations. We identified immediate successors through our succession planning strategy, and candidates ready to step into critical roles if the need arises. We are actively developing medium-term successors who have the potential to grow and take on these critical roles. By nurturing and equipping our talent, we ensure a smooth transition and continuity in our operations, even in the face of unforeseen circumstances.

Job grading

Job grading serves as a critical tool in informing internal equity and shaping our approach to salaries and future hiring. We strive to provide a nurturing environment that fosters success and personal fulfilment from recruitment and onboarding to ongoing development and growth opportunities. We are renewing our focus on job grading to help us ensure internal equity, inform salary structures, and make informed decisions on future hiring based on the required skills and equity considerations.

Benefits
We offer all employees a range of benefits, including personal accident fund coverage, medical aid, retirement funds and other insurance benefits.

Retirement funding
Our retirement fund provides comprehensive coverage, including death, funeral and disability cover. The death cover benefit offers two options – core, which is mandatory and pays out two times the annual pensionable salary in the event of death; and flexi, an optional choice that allows employees to select additional coverage of up to seven times their annual pensionable salary. Funeral cover is compulsory for all employees and provides specific pay-outs based on an individual's relationship to the deceased. These benefits help us prioritise the financial security and well-being of our employees, both during their working years and into retirement.

Future focus and outlook

Our human resources initiatives are centred around creating an engaging and inclusive work environment in line with feedback from the engagement survey results. We will continue to support the overall well-being of our employees through embedding the ICAS programme within the Company and aligning our initiatives with the evolving needs of our workforce and clients.

We remain dedicated to continuous improvement and value the contributions of our employees in driving the success of Business Partners Limited. We will support the implementation of the Company strategy by fully capacitating the teams through recruiting and ensuring that we enhance our induction processes during the financial year. We will be implementing several team effectiveness and change management initiatives to further enhance high performance within the Company.

Our direct and social development impact

Business Partners Limited is committed to delivering a social and development dividend to shareholders and investors. We believe that enabling entrepreneurs to create wealth, provide services to communities and generate job opportunities is integral to our value proposition. We continuously work to ensure we contribute to an equal and equitable society. This year we achieved Level 1 BBBEE status. We believe that this achievement will further accelerate our impact and enable us to make an even greater difference in empowering entrepreneurs, creating wealth, and driving inclusive growth.

Inputs
Investment resources deployed

R887,8 million Business Partners Limited capital invested

R182,7 million invested in the **Tourism Relief Programme**

90 direct investment **team members**

836 years of cumulative **SME experience**

R12,0 million approved for **technical assistance**

R5,2 million invested in **supplier development programme**

R1,0 million invested in **Entrepreneurs growth centre** and **SME Toolkit** free resource

Outputs
Business Partners Ltd and Tourism

394 investments approved

331 investments disbursed

R817,5 million disbursed to SMEs

Tourism Relief Programme disbursements to **163** SMEs

Business Partners Ltd disbursements to **168** SMEs

36 SME technical assistance loans granted

13 341 business advice enquiries fielded online and through mentors

Outcomes
Employment, growth and development

9 498 jobs facilitated and maintained through investments

R70 941 average cost per job facilitated and maintained

3 463 jobs saved through the Tourism Relief Programme

R41 505 average cost per tourism job saved

74% black employees

63% Female employees

37% Male employees

Achieved **Level 1 BBBEE** status

Impact
Inclusive and equitable society

By fostering a collaborative culture, we can maximise our impact and deliver integrated and comprehensive solutions to our clients

32 636 total livelihoods supported by investee SMEs **(multiple of 4)**

Contribution to reducing unemployment and inclusion through jobs for vulnerable groups

Value-added to clients through specialised knowledge and experience of our employees and mentors

Enhanced business sustainability and growth

Empowered SMEs to grow businesses

Increased business knowledge and aptitude

Increasing our impact

Our strategic driver, increasing impact, aims to shape the SME ecosystem by providing value-added opportunities and leveraging our knowledge for the benefit of entrepreneurs. We recognise the critical role we can play in addressing the challenges faced by SMEs and increasing access to economic opportunities in South Africa.

Our increasing impact initiatives are based on three key pillars:

1 Advocacy

We advocate for an enabling environment for SMEs through engagements with policymakers, industry associations, and other relevant stakeholders. By amplifying the voice of SMEs, we strive to influence policies that foster their growth and success.

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2 Enterprise development initiatives

We offer comprehensive programmes and support to entrepreneurs, equipping them with the necessary skills, knowledge, and resources to thrive in the competitive business landscape.

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3 Impact measurement

Our established robust impact measurement systems assess and report on the social and economic outcomes of our investments. This enables us to monitor the effectiveness of our initiatives and make data-driven decisions to continuously improve our impact.

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1 Advocacy

Advocacy meta-study

As a precursor to our advocacy programme, we commissioned research into the issues affecting SMEs. Upon assessing the SME landscape, we discovered that extensive research had already been conducted, albeit with varying levels of quality and research rigour. To ensure an effective first step, we conducted a meta-study, reviewing the available South African research reports on SMEs. This meta-study, conducted from June to September 2022, was undertaken through a review and consolidation of previous studies and articles to:

- Identify the challenges that affect SMEs and the SME sector performance
- Identify the impact on SMEs and the business in general
- Develop recommendations to improve the performance of the SME sector

The insights from the meta-study provide opportunities for meaningful engagement and collaboration with key stakeholders in SME and entrepreneurship development in South Africa.

Beneficiaries
- Entrepreneurs and SMEs in the South African landscape
- Policymakers and industry associations

What we offer
- Insights from the meta-study as a starting point to improve collaboration and engagement in the sector
- We are a voice for SMEs in the broader South African landscape

Achievements in FY2023
- The meta-study informs the issues that underpin our advocacy programmes

2 Enterprise development initiatives

Supplier development programme

We aim to enhance the diversity and efficiencies of our supply chain while strengthening our small business owners. By offering targeted support and resources, we enable SME suppliers to overcome challenges and unlock their full potential. These programmes enable us to contribute to the overall growth and development of the SME ecosystem. We are committed to fostering a strong and inclusive supplier network that drives sustainable business practices and socioeconomic progress.

Our supplier development programme is structured around the following objectives:
- Identifying and nurturing entrepreneurial talent and capability
- Accelerating the development of our SMEs on our supplier database by:
- Building capacity through tailored mentorship and advice
- Creating opportunities for meaningful market access to enable participation in commercial supply chains, including Business Partners Limited
- Providing access to required infrastructure such as business premises, energy solutions, as well as hardware and software access
- Supporting transformation by empowering and growing black and women-owned businesses

Beneficiaries
- Emerging suppliers offering services such as construction, marketing, legal services, human resources development and electrical maintenance
- Suppliers from across our business units per year in line with their growth and development needs

What we offer
- Gap analysis to determine a supplier's areas of improvement
- Growth plan addressing areas for development
- Clearly defined outcomes and associated timeline
- Mentorship and advisory support

Achievements in FY2023
- R5,2 million (2% net profit after tax) allocated for supplier development
- We focused on providing increased qualitative development assistance and deeper interventions to fewer suppliers
- Our aim is to grow the selected suppliers comprising exempted micro enterprise status and qualifying small enterprises to greater sustainability and profitability
- Performance against targets: 132%
- Two beneficiaries were allocated space to operate from in Business Partners Limited properties
- All the beneficiaries comprising the 2022/2023 supplier development programme cohort grew their customer base, acquired appropriate certifications, and improved their employees' capabilities through various skills training courses

Enterprise development

Our enterprise development programme is underpinned by more favourable lending criteria like zero interest rate loans that are provided through technical assistance and mentorship to our clients, with a focus on transformation.

Beneficiaries
- Business Partners Limited clients

What we offer
- Our partnership with Swiss Secretariat for Economic Affairs provided technical assistance and funding to a significant number of clients whose businesses are more than 51% black owned as defined in the Codes of Good Practice and classified as either an exempted micro enterprise or qualifying small enterprise

Achievements in FY2023
- R5 635 007 on the loan book was awarded to black SMEs for technical assistance and mentorship

SME Toolkit

The Business Partners Limited SME Toolkit SA is an online resource available to all entrepreneurs, free of charge. It is one of the top-ranking SME support sites on Google and has hosted around 4,5 million visitors since inception. The toolkit was developed in partnership with the FC in 2007.

Beneficiaries

- Available to all entrepreneurs
- Entrepreneurs preparing their business for formal investment

What we offer

- An online platform that provides guidelines, case studies, advice, business planning tools, and templates for SMEs
- Accounting and finance, business planning, marketing and sales, human resources, tourism, legal/insurance, women in business, operations, leadership, personal growth, technology, wellness, international business and industry-specific resource

Achievements in FY2023

- 225 000 people visited the SME Toolkit (2022: 211 000)
- Since inception: visits 4 263 100; page views: 9 850 210
- Over 60% of the website's traffic is recorded from mobile devices
- The website receives a significant amount of direct traffic, second only to Google, which is the largest source
- Gauteng drives most of the traffic to the site, followed by the Western Cape and KwaZulu-Natal
- The most popular pages on the website are the landing page, followed by the business plan competition and the business and planning category

The most searched keywords on the site include "business plan", "cash flow", and "business plan template".

Socioeconomic development programme

Our socioeconomic development programme focuses on developing entrepreneurship in South Africa. The SME toolkit Business Partners Limited business plan competition is a key component of our socioeconomic programme as it provides aspiring entrepreneurs with critical skills training to help build an active and thriving SME sector. Winners receive a cash prize and a mentorship voucher to help implement their plans.

Beneficiaries

- Aspiring entrepreneurs
- Trained more than 3 000 aspirant entrepreneurs since inception 13 years ago

What we offer

- Entrants attend free workshops where they are guided in developing a credible business plan
- Provide access to business skills and knowledge to aspirant entrepreneurs from township areas and remote areas
- Approximately 30% of entrants ultimately submit business plans, from which regional winners and an overall national winner are selected

Achievements in FY2023

- More than 2 000 entries
- 495 young aspiring entrepreneurs attended several online and physical workshops
- 91 business plans submitted after the workshops
- Nine finalists were selected

National winner and runners-up were awarded with titles, cash prizes and mentorship support vouchers.

Business clinics

Our business clinics are hosted in collaboration with business chambers, industry forums and other associations and aim to sensitise and create awareness of the need for sound financial management, planning and regulatory compliance.

Beneficiaries

- Black and female female-owned businesses that have been trading for at least two years

What we offer

- The overall objective is to equip SMEs with the necessary knowledge and skills to access finance and to provide Technical Assistance loans to enhance business efficiencies and sustainability

Achievements in FY2023

- Pilot phase launched in select metropolitan areas

Driving growth and success: NBX Construction and Projects' supplier development journey

Charmaine Dladla started NBX Construction and Projects in 2016. The company remained dormant until 2020, when Thato Xaluva, an experienced project and facilities manager and Charmaine's brother-in-law, joined the business as managing director.

In October 2020, NBX Construction and Projects registered as a supplier on the Business Partners database, primarily offering maintenance services. Shortly after, they were given the opportunity to participate in the Business Partners Limited supplier development programme. Thato reflects on this moment, "We were thrilled to be selected for this programme as we recognised its potential to address various organisational improvement areas crucial for our business at that time".

Business Partners Limited appointed a mentor that assisted NBX to map the business's challenges, opportunities and growth projects. A tailored growth plan was created, outlining strategic steps to propel the business. The plan focused on organic growth, market reputation building and access to funding while enhancing sales, equipment, employees and cash flow management.

Over the past three years, NBX Construction and Projects made significant strides in the property management and body corporate market, successfully securing more contracts and larger projects, and expanding their range of maintenance services. Thato proudly reflects, "We were able to unlock more sales within our target markets". The company extended its operations from Gauteng to the North West province in 2022. Going forward, they aspire to explore opportunities in the public sector, further expanding their footprint.

NBX Construction and Projects actively participated in the supplier development programme, harnessing support, expert guidance, and resources which proved to be instrumental in overcoming challenges and unlocking their potential.

NBX Construction and Projects is determined to expand its market presence, catering to diverse sectors and actively contributing to the advancement of South Africa's construction industry. Their continued dedication and the transformative impact of the supplier development programme exemplify the power of strategic partnerships in fostering sustainable growth and driving positive change in the business landscape.

Key impacts

Industry: Construction and property management
Number of jobs: Three permanent and 20 temporary employees as required
Investment funding: N/A
Support offered: Premises, advice and mentorship

3

Impact measurement

We are dedicated to achieving positive development impact through our investment activities in viable SMEs. The impact resulting from these investments is carefully measured, tracked, and reported in accordance with the Impact Reporting and Investment Standards framework. We measure wealth generated, jobs created and the social, environmental and financial aspects of investee companies.

The increasing impact initiatives are gaining traction within our teams, and we are committed to the vision set out in our strategy. The insights from the SME meta-study report will serve as a foundation for our advocacy initiatives, while our enterprise development and impact measurement initiatives remain high priorities for our teams. We anticipate that the benefits derived from increasing impact will contribute to achieving our long-term vision.

A Tourism Relief Programme driving recovery and sustainability

The Tourism Relief Programme is a R160 million initiative designed to support SMEs within the South African tourism sector in their recovery from the ongoing challenges posed in the aftermath of the Covid-19 pandemic. With tourism serving as a significant contributor to our economy, accounting for 7,2% of GDP and employing 4,5% of the workforce pre-pandemic, the impact of the crisis has been devastating. The closure of borders and nationwide lockdowns resulted in a complete halt of non-essential travel, leaving the tourism sector financially strained and vulnerable.

The survival of small business owners in the tourism industry has been a tremendous struggle, enduring prolonged periods of empty rooms, closed restaurants, and idle tour buses. Despite navigating four waves of Covid-19, these businesses have remained in crisis for two full years, resulting in significant damage and ongoing vulnerability. To address their urgent financial needs and assist in stabilising their operations, the Tourism Relief Programme was launched.

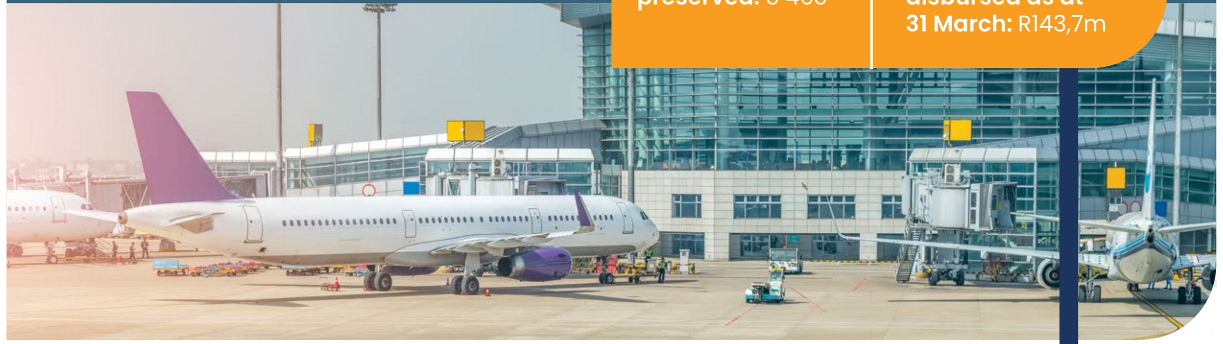
The core mechanism of the programme revolves around providing financial assistance to eligible businesses through a combination of loans and grants. Successful applicants qualify for maximum loan amounts of up to R2 million. Favourable repayment terms for a period of up to 60 months are structured based on the applicants' needs, and loans are disbursed over a maximum period of 12 months. Immediate relief grants are also available. These grants do not require repayment and are disbursed as part of the initial funding.

The Tourism Relief Programme plays a pivotal role in supporting the recovery and long-term sustainability of South African tourism SMEs. By providing much-needed financial assistance in the form of loans and grants, the programme aims to safeguard jobs, enable these businesses to continue contributing to the broader economy, and ensure the survival and growth of the tourism industry.

Key impacts

Industry: Tourism
Number of jobs maintained/ preserved: 3 463

Number of transactions: 134
Total value of funds disbursed as at 31 March: R143,7m



Future focus and outlook

As we remain focused on delivering on our purpose and enabling entrepreneurs and SMEs, we will continue to leverage our expertise, resources, and partnerships to foster a thriving environment for entrepreneurs to promote sustainable and inclusive growth. We will use the insights gained from the advocacy meta-study results further guide us in bringing together various stakeholders to empower SMEs effectively.

We are dedicated to improving our impact measurement to better understand and respond to the requirements of our clients. In line with this, we will focus on hosting more business clinics to enhance our contribution to SDG 4 on quality education. We eagerly anticipate reactivating the Entrepreneur of the Year Awards following a hiatus due to the pandemic. This initiative celebrates pockets of excellence and recognises the outstanding achievements of entrepreneurs.

Empowering more black female entrepreneurs and enhancing our enterprise and supplier development initiatives to maintain and improve our BBBEE Level 1 achievement remains a priority. We take pride in our investments and the positive impact they generate, firmly believing that our collective efforts can drive meaningful change.

Our Leadership and Governance

Our Leadership and Governance

Our leadership

Board of directors

Non-executive directors

Nazeem Martin
Non-executive chairperson

Appointed non-executive director: 1 January 2017
Appointed chairperson: 15 August 2019
Served as executive director: 6 November 2002 until 31 March 2016
Served as managing director: 1 January 2009 until 31 March 2016

Qualifications: BA, HDE (UCT), M Urban Planning (Hunter College, City University of New York), Advanced Management Program (Harvard, USA)

Position and other directorships: Director of companies

Committee memberships: NC (chairperson), BIC, HRRC (chairperson), ARC

Olga Kotze

Appointed: 16 August 2017

Qualifications: BCom Hons (UJ), Postgraduate Diploma in Applied Ethics (SU), JSE Registered Person Exams, Financial Advice Intermediaries Regulatory Exams

Position and other directorships: Chief investment officer: ResAm Capital, director of companies

Committee memberships: ARC, BIC

David Moshapalo

Served: 23 January 1996 until 7 November 2001
Reappointed: 14 February 2002

Qualifications: Industrial Relations, Human Resources Development and Personnel Management (Tokyo, Japan), New Leadership Program (Arthur D'Little Man. Ed. Institute, Cambridge, USA), ILO Strategic Management of Employers' Organisation in English Speaking Africa (Turin, Italy)

Position and other directorships: Group chief operations officer: Strategic Partners Group Proprietary Limited, black partner in Bombela Consortium in Gautrain Project, director of companies

Committee memberships: NC, BIC, HRRC, SEC (chairperson)

Friedel Meisenholl

Appointed: 23 February 2000

Qualifications: BAcc Hons (SU), formerly a registered member of SAICA (CA(SA))

Position and other directorships: Director of companies

Committee memberships: ARC, BIC

Themba Ngcobo

Served as alternate director: 20 February 2002 until 22 February 2010
Appointed: 23 February 2010

Qualifications: BCom Acc (UNIZULU), Diploma Management Consulting, New Leadership Program (Arthur D'Little Man. Ed. Institute, Cambridge, USA)

Position and other directorships: Chief executive officer: Mashiya Capital Proprietary Limited

Committee memberships: SEC, BIC

Huli Tshivhase

Appointed: 12 August 2015

Qualifications: MA Clinical Psychology (UJ), MBA (UP), Masters in Industrial and Organisational Psychology (UCT), Global Remuneration Professional (World at Work)

Position and other directorships: Executive director organisational development EMEA: RGA

Committee memberships: HRRC, NC

Our Leadership and Governance

Shareholder appointed non-executive directors

Craig Ceasar
Remgro Limited appointed director

Appointed: 27 January 2020

Qualifications: BAcc Hons (SU), CA(SA)

Position and other directorships: Investment manager: Remgro Limited, director of companies

Committee memberships: BIC

Mariza Lubbe
Remgro Limited appointed director

Appointed: 22 February 2019

Qualifications: BA (SU)

Position and other directorships: Executive director compliance and corporate social investments: Remgro Limited. Board member of Remgro Limited's wholly owned subsidiaries, Wispeco Holdings Proprietary Limited and Historical Homes of SA Limited

Committee memberships: NC (alternate), HRRC (alternate), SEC

Mxolisi Matshamba
Sefa SOC Limited appointed director

Appointed: 8 February 2021

Qualifications: MBA (Milpark Business School), BCom (NUL-ROMA)

Position and other directorships: Chief executive officer: Sefa SOC Limited

Committee memberships: None

Simi Siwisa*
Sefa SOC Limited appointed director

Served: 21 June 2022 until 28 April 2023

Qualifications: MBA (UCT), Masters in International Economic Management (University of Birmingham, UK)

Position and other directorships: Former chairperson: Sefa SOC Limited, head of public policy: Absa Group Limited

Committee memberships: None

Neville Williams
Remgro Limited appointed director

Appointed: 15 May 2012

Qualifications: BCom Hons (UWC), CA(SA).

Position and other directorships: CFO: Remgro Limited

Committee memberships: ARC (chairperson), NC, HRRC

Dr Mzukisi Qobo*
Sefa SOC Limited appointed director

Appointed: 8 May 2023

Qualifications: BA (UCT), MA International Relations (SU), PhD International Studies (University of Warwick, UK)

Position and other directorships: Interim chairperson: Sefa SOC Limited, head of Wits School of Governance: University of Witwatersrand

Committee memberships: None

Executive directors

Ben Bierman
Managing director

Appointed: 1 April 2016

Qualifications: BCom Hons (SU), ACMA, HDip Tax (Wits), Advanced Management Program (Harvard, USA)

Committee memberships: BIC, SEC

Rayna Dolphin
CFO

Appointed: 7 July 2021

Qualifications: BCom (UCT), PGDA (UCT), CA(SA), MBA (IE Business School, Madrid, Spain)

Committee memberships: None

Jeremy Lang
Chief investment officer

Appointed: 7 July 2021

Qualifications: BCom (UCT), AGA(SA), EDP (US Business School)

Committee memberships: None

Key:
ARC: Audit and risk committee
NC: Nominations committee
BIC: Board investment committee
HRRC: Human resources and remuneration committee
SEC: Social and ethics committee

*Simi Siwisa replaced Martin Mahosi who served on the board from 4 September 2019 until 30 April 2022. Dr Mzukisi Qobo was appointed to serve on the board by Sefa SOC Limited with effect from 8 May 2023 to replace Simi Siwisa, who resigned on 28 April 2023.

Our Leadership and Governance

Executive management

Ben Bierman
Managing director

Qualifications: BCom Hons, ACMA, HDip Tax, Advanced Management Program

33 years' service

Refer to the managing director's review on page 16

Rayna Dolphin
CFO

Qualifications: BCom, PGDA, CA(SA), MBA

3 years' service

Refer to the CFO review on page 46

Mark Paper
Chief operating officer: Business Partners International

Qualifications: BCom

32 years' service

Anton Roelofse
Regional general manager: west coast

Qualifications: BCom, Honours in Business Administration

37 years' service

Retired: 30 April 2023

Byron Jeacocks
Regional general manager: east coast

Qualifications: BCom, BProc

36 years' service

Retired: 30 June 2023

David Morobe
Executive general manager: impact investing

Qualifications: BA, SED, Executive Development Programmes

11 years' service

Gugu Mjadu
Executive general manager: Marketing

Qualifications: BA Hons, Global Executive Development Programme, PGD in Marketing Management, CPRP

10 years' service

Jeremy Lang
Chief investment officer

Qualifications: BCom, AGA(SA), EDP

16 years' service

Karen Lumakis
Chief risk officer

Qualifications: BCom Hons, CA(SA), CIA

4 years' service

Kgomotso Ramoenyane
Executive general manager: human resources

Qualifications: BCom, Management Advancement Programme, MBA

8 years' service

Marjan Gerbrands
Company secretary and corporate legal counsel

Qualifications: BLC, LLB (cum laude), LLM, Certificate in Corporate Governance

22 years' service

Stanton Naidoo
Executive general manager: property and asset management

Qualifications: N4 Electrical Engineering, Executive Development Programme, Shopping Centre Management

9 years' service

Our Leadership and Governance

Governance report

Our approach to governance

Good governance goes beyond a mere tick-box exercise; it is the cornerstone of our value proposition. By adhering to strong corporate governance practices, we build trust, enhance predictability and improve capital flow. Our strong governance framework enhances risk management and reputation and promotes effective decision making. Our board consistently evaluates our governance structures, processes and practices to uphold their effectiveness in driving our strategy.

We remain committed to maintaining robust governance standards that align with our business goals and ensure the trust and confidence of our stakeholders.

The board serves as the central authority and guardian of ethical standards within the organisation, ensuring compliance with the highest ethical principles. We remain confident in our ability to fulfil our role effectively, aligning to principle six of King IV.

Our governance approach results in ethical and effective board and executive management leadership, leading to robust governance outcomes.

Effective corporate governance is crucial to the long-term sustainability of our business.

Ethical culture	Our ethical culture is exemplified by integrity, competence, responsibility, accountability, fairness and transparency, and permeates the whole Company. Business Partners Limited's role in supporting SMEs and entrepreneurs requires ethics to be pervasive in the culture and conduct of all employees of the Company. The board's role is to maintain, measure and foster this culture. Page 87.
Good performance	Business Partners Limited views good performance as both financial performance and social impact. We are aware that profit facilitates our goals and the impact we can have. The board and executive management engage on how to further increase our impact and performance in a financially sustainable manner and monitor that this is being achieved through aligned performance metrics. Page 41.
Effective control	Effective control is about achieving strategic objectives and positive outcomes. The board retains effective control through a well-developed governance structure that provides the framework for delegation and monitoring of decision-making bodies. At Business Partners Limited, we feel the board is most effective in playing an advisory role on strategic issues and empowering executive management to serve our market with agility, yet mindfully. Page 88 to 92.
Legitimacy	To have a positive influence in the market we serve, it is important for Business Partners Limited to maintain our reputation of a trusted, respected and informed advocate for SMEs and entrepreneurs. This legitimacy is linked to our brand, our history and the strength of our management and board. Page 78 to 85.

Our ethical culture

Our board subscribes to the highest standards of ethical behaviour and best practices in monitoring our business activities. Our adoption of the King IV principles of ethical leadership forms a key part of ensuring our adherence to the highest levels of integrity and ethical behaviour.

Our employees are required to adhere to the code of ethics, which guides their daily interactions and decision making. The social and ethics committee diligently monitors and assesses the performance of employees in upholding these critical standards in their meetings. Business Partners Limited has zero tolerance for violations of its corporate ethics policy and responds to all instances based on the severity of the violation, including terminating employment and instituting criminal or legal action.

An ethics and whistleblowing hotline provides a mechanism for employees, clients, shareholders and the public to bring any unethical practices to the attention of management. It is independently operated by the audit firm Deloitte. All information is treated confidentially and the whistleblower's identity is always protected. We receive a regular analysis of telephonic and email complaints, and independent investigations are launched where necessary. In addition, we have policies in place aimed at preventing, detecting and responding to fraud and corruption and occurrences of corporate crime. The social and ethics committee regularly monitors the Company's anti-money laundering (AML) measures and prevention of corruption and commercial crimes.

Our governance focus areas in FY2023

In our pursuit of operational excellence and long-term sustainable growth, our primary objectives for FY2023 encompassed various strategic initiatives. The board placed significant emphasis on providing guidance to management in the effective execution of our newly formulated strategy. This involved aligning our resources, capabilities and activities to ensure we remain responsive to the operating environment while delivering on targets.

Prompted by AML changes, the Company registered with the Financial Intelligence Centre as an accountable institution and appointed a dedicated compliance officer.

As a result, we are conducting a thorough review of our existing risk management and compliance framework to ensure that our risk mitigation efforts are aligned with regulatory requirements.

In an increasingly digital landscape, safeguarding our organisation against cyberthreats remains crucial to us. We proactively strengthened our cybersecurity framework to enhance resilience and protect our valuable assets, data and operations from potential vulnerabilities. We aim to maintain the trust of our stakeholders and uphold the integrity of our systems and infrastructure.

Moreover, recognising the pivotal role of the board in driving organisational success, we embarked on the development of a directors' skills matrix. This assessment tool enables us to evaluate and align the collective skills, expertise and diversity of our board members with our strategic objectives and the board's succession plan. By ensuring the right composition and capabilities within our board, we enhance our decision-making processes and position ourselves for sustainable growth. Evaluating the skills of our board members in accordance with the principles outlined in King IV is essential for both the board and the specific requirements of our business, as it ensures the board is equipped to fulfil its fiduciary duties, make strategic decisions, manage risks effectively and maintain stakeholder confidence in our governance practices.

Following a gap analysis of 14 essential skills conducted by the nominations committee, it was observed that none of the current board members possess a legal background. However, the company secretary, who is an admitted attorney, advises the board on legal matters whenever necessary.

The board strives to ensure a well-rounded skill composition that aligns with the organisation's needs and objectives.

Refer to page 91 for our board skills profile.

Our Leadership and Governance

Key areas of future focus
Future focus areas will include the ongoing implementation of our strategy and the continuous monitoring of our operational performance against key performance indicators while remaining responsive to our operating environment. The board will re-establish a strategy ad hoc committee that will have a dedicated focus on the monitoring and advancement of the new strategy.
We will also continue to place significant emphasis on succession planning. We will ensure compliance with the new remuneration disclosure requirements set forth in the Companies Act Amendment Bill, 2021 and establish a register of ultimate beneficial owners of the Company pursuant to AML amendments to the Companies Act, 2008.
We are confident in our ability to navigate the evolving business landscape successfully and deliver sustainable growth for our organisation.

Our governance structure

BOARD OF DIRECTORS

As set out in the board charter, the board is accountable for, among other things:

- Providing strategic direction to Business Partners Limited
- Monitoring operational performance
- Monitoring decision-making bodies in implementing plans and strategies
- Ensuring effective risk management and internal controls
- Ensuring compliance with regulatory and governance requirements
- Measuring financial performance against objectives
- Appointing executive directors and allocating major roles and responsibilities according to the Company's approval framework
- Approving the annual budget, interim results and financial statements

BOARD COMMITTEES

Audit and risk committee
Oversees risk and the financial position of the Company
See page 93 for further details

Nominations committee
Oversees the composition of the board and its committees
See page 94 for further details

Board investment committee
Considers and approves investments
See page 94 for further details

Transactions committee
Ensures transparency and independent decision making on all investments and transactions in which a director, employee or persons related to them has a personal financial interest
See page 94 for further details

Human resources and remuneration committee
Oversees the governance of human capital and remuneration
See page 95 for further details

Social and ethics committee
Monitors performance and reporting on social, ethical and transformational practices
See page 95 for further details

Our board
Business Partners Limited has a fully functional board that effectively leads and controls the Company. All directors bring diverse industry knowledge and experience, which promotes robust discussion. Our board is responsible for supporting the creation of long-term value and strong ethical leadership and setting the tone of good corporate governance. This requires ongoing oversight and support of the business strategy.

The board charter identifies, defines and records the responsibilities and functions of the board, and is reviewed annually to guide its effective functioning. The board retains effective control through a well-developed governance structure that provides the framework for delegation and monitoring of decision-making bodies.

Roles and responsibilities
There is a clear distinction between the roles of the chairperson of the board and the managing director as defined by the board charter. This separation of roles promotes an appropriate balance of power.

Our board is the Company's highest governing and decision-making body.

Chairperson	The chairperson is a non-executive director who holds office for a maximum period of one year at a time. The chairperson provides leadership to the board in all deliberations ensuring independent input and overseeing its efficient operation.
Managing director	The managing director is accountable to the board and has been delegated the authority to achieve corporate objectives and manage the business affairs of Business Partners Limited, subject to statutory parameters and the limits imposed by the board. The managing director is responsible for the operational management of Business Partners Limited.

Board composition
The board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

The Business Partners Limited board comprises 14 directors.

A shareholder, or groups of shareholders, are entitled in terms of article 20.1.3 of the memorandum of incorporation (MOI) of Business Partners Limited to appoint one director for every 10% of issued share capital held, or collectively held.

The board appoints the executive directors and their appointments are confirmed in an election at shareholders meetings.

The three executive directors are the managing director, CFO and the chief investment officer.

In terms of article 20.1.2 of the MOI, up to six non-executive directors are elected by a majority of shareholders at annual general meetings (AGMs). The board recommends these non-executive directors to the AGM, subject to the director being nominated for election by a shareholder.

In terms of the MOI, at least one-third of the non-executive directors elected in terms of article 20.1.2 must retire annually on a rotation basis. The directors to retire shall be those who have been longest in office since their last election and any director who has already held his or her office for a period of three years since his or her last election. Retiring directors may make themselves available for re-election for a further term.

Composition*

6 non-executive directors

5 shareholder appointed non-executive directors

3 executive directors

- Non-executive chairperson: Nazeem Martin
- Shareholder-appointed non-executive directors: Craig Ceasar, Mariza Lubbe, Mxolisi Matshamba, Simi Siwisa**, Neville Williams
- Non-executive directors: Olga Kotze, David Moshapalo, Friedel Meisenholl, Themba Ngcobo, Huli Tshivhase
- Executive directors: Ben Bierman, Rayna Dolphin, Jeremy Lang

* Composition as at 31 March 2023.
** Simi Siwisa resigned on 28 April 2023 and was replaced by Dr Mzukisi Qobo on 8 May 2023.

Our Leadership and Governance

At least 50% of the board is elected by shareholders, as per the requirement of the Companies Act. The board, through the nominations committee, reviews the composition of the board and its committees annually.

Recommendation for re-election only occurs after the evaluation of the performance of the board and the director's performance, including attendance at board meetings and committee meetings, the director's contribution and his or her objectivity of business judgement calls.

Independence and conflicts
The current composition of the board ensures an appropriate level of independence that promotes impartial decision making and facilitates effective corporate governance within the organisation.

Business Partners Limited has a unitary board. In compliance with King IV recommended practice, the chairperson is a non-executive director. A clear division of responsibility exists between the chairperson and the managing director.

The independence of directors is assessed in terms of the recommended practices of King IV considering any interest, position, association or relationship, which when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in the decision making of a non-executive director.

During the year, the board, through a review conducted by the nominations committee, assessed the independence of non-executive directors for purposes of categorisation in adopting the recommended practices of King IV. The composition of directors appointed in accordance with article 20.1.3 of the MOI by shareholders who are significant providers of financial capital would not typically meet the criteria for independence, as outlined in King IV. Therefore, the current article 20.1.3 directors, namely Craig Ceasar, Mariza Lubbe, Mxolisi Matshamba, Neville Williams, Simi Siwisa (resigned on 28 April 2023) and Dr Mzukisi Qobo (appointed on 8 May 2023), are not classified as independent directors.

However, it was determined that Olga Kotze, Nazeem Martin, Friedel Meisenholl, David Moshapalo, Themba Ngcobo and Huli Tshivhase should be categorised as independent directors. Additionally, despite the tenure of Friedel Meisenholl, David Moshapalo and Themba Ngcobo exceeding an uninterrupted period of nine years, each of these directors will continue to serve in an independent capacity. This decision is based on their demonstrated independence in character, objective unfettered judgement and ongoing commitment to maintaining independence, regardless of their extended tenure.

Each director must also submit to the board a declaration of all financial, economic and other interests held in Business Partners Limited by the director and his or her related parties. In addition, at each meeting of the board and its committees, all members are required to declare whether any of them has any conflict of interest in respect of a matter on the board agenda. Conflicts are managed proactively by the board and committees and in terms of compliance with the Companies Act.

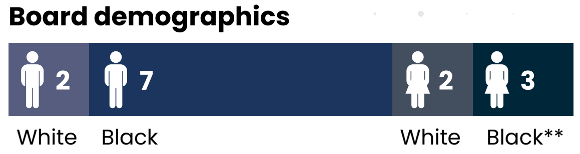
*Board diversity**
The board promotes diversity in its membership across a variety of attributes, including skills, experience, field of knowledge, age, culture, race and gender.

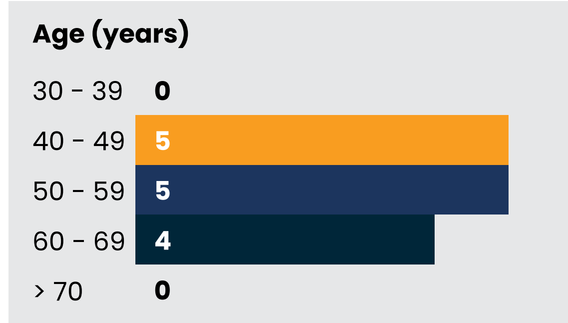
The nominations committee pursues all opportunities to enhance the gender and race diversity of the board.

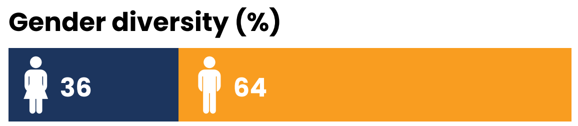
The board, through a review conducted by the nominations committee, is satisfied that its current members possess the required collective knowledge, skills and experience to carry out its responsibilities.

Details of each individual director of the incumbent board, including tenure, qualifications and experience, can be found on pages 80 to 83.

* Diversity data as at 31 March 2023, including executive directors.
** Simi Siwisa resigned on 28 April 2023.

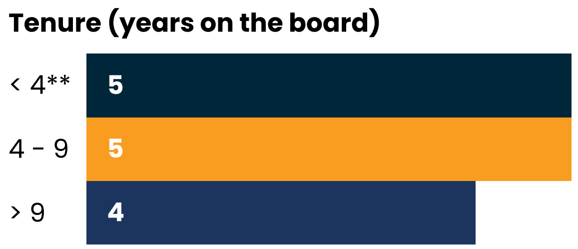






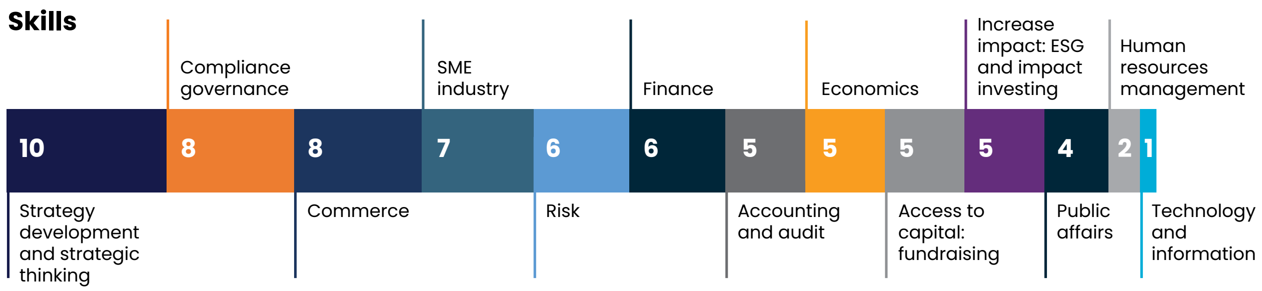
*Board tenure**
The board comprises directors relatively evenly spread in tenure. Our long-serving directors have vital experience, industry knowledge and a deep understanding of the Company.

* Tenure data as at 31 March 2023, including executive directors.
** Simi Siwisa resigned on 28 April 2023.



*Balance of skills**
The board possesses extensive business experience and specialist skills in the SME sector, including SME financing and development, human resources, accounting, finance, corporate social investment and ethics. Board members' variety of attributes promote better decision making and effective governance.

*Skills include qualifications and experience



Board processes

Board and committees' performance and effectiveness
The nominations committee reviewed the board and its committees' performance and was satisfied that the board and the committees have been functioning well and discharged their duties and obligations for the year under review. The board is satisfied that it and the various committees have fulfilled their responsibilities for the year in terms of its respective and approved charters.

Board induction
Newly appointed directors undergo a board and Company orientation pursuant to the Company's induction programme.

Succession planning
Succession planning is considered by the board on an ongoing basis. No retirements were identified for the following reporting period. Succession planning is deliberated with due regard to the circumstances of the Company, continuity, the skills, knowledge and diversity of the incumbent board, and the continued independence of the board.

Board meetings and attendance
The board meets at least four times a year and follows an annual workplan to ensure that all relevant matters are dealt with. The company secretary and the managing director ensure that members and invitees timeously receive relevant, complete, accessible and accurate information to enable them to reach objective and well-informed decisions and effectively discharge their responsibilities.

Members' attendance at board meetings during the year under review is set out in the table below. Directors who are unable to attend meetings are required to tender their apologies in advance and may not be absent for two consecutive meetings or six consecutive months without leave from the board.

Members	Board	Audit and risk committee	Nominations committee	Human resources and remuneration committee	Social and ethics committee
Number of meetings held	4	4	2	4	2
Mr N Martin (Non-executive chairperson)	4/4	3/3	2/2	4/4	–
Mr BD Bierman (Managing director)	4/4	–	–	–	2/2
Mr CW Ceasar	4/4	–	–	–	–
Ms RA Dolphin (executive director: chief financial officer)	4/4	–	–	–	–
Ms O Kotze	4/4	4/4	–	–	–
Mr J Lang (executive director: chief investment officer)	4/4	–	–	–	–
Ms M Lubbe	3/4	–	–	–	2/2
Mr MD Matshamba	3/4	–	–	–	–
Mr F Meisenholl	4/4	4/4	–	–	–
Mr D Moshapalo	4/4	–	2/2	4/4	2/2
Mr SST Ngcobo	3/4	–	–	–	2/2
Ms S Siwisa (resigned 28 April 2023)	1/3	–	–	–	–
Ms HE Tshivhase	4/4	–	1/1	4/4	–
Mr NJ Williams	4/4	4/4	2/2	4/4	–

Company secretary

The board is assisted by a competent, suitably qualified and experienced company secretary who plays a vital role in the corporate governance structure of the Company. The board-appointed company secretary's role is to guide the board collectively and the directors individually with regard to their duties, matters of ethics and good governance, and discharging their directors' responsibilities in the best interest of the Company. The company secretary has unfettered access to the board but is not a member of the board.

The company secretary is responsible for:
- Assisting the chairperson of the board and managing director with the orientation and induction of new directors
- Keeping the board aware of legislative, regulatory, and corporate governance developments relevant to or affecting the Company
- Ensuring compliance with the Companies Act, 2008 and all other relevant legal requirements
- Ensuring the proper administration of proceedings and matters relating to the board, board committees, the Company and its shareholders in accordance with the MOI and Companies Act, 2008
- Reporting to the board any failure on the part of the Company or a director to comply with the MOI or the Company's codes of conduct, or the Companies Act, 2008
- Acting as the primary point of contact between shareholders and the Company
- Monitoring over-the-counter dealings in the Company's securities
- Ensuring adherence to closed periods for share trading

Our board committees

Our board of directors acknowledges its responsibility to effectively discharge its duties, ensuring that the delegation of powers within our governance and business structures promotes independent judgement. The board is ultimately responsible and accountable for the governance, performance and strategy of the Company, as well as delivering value for our capital providers while balancing the needs of other stakeholders. To this end, the board has delegated some of its responsibilities to appropriately constituted board committees. The chairperson of each board committee is appointed by the board and reports directly to the board.

The board committees have matured governance processes through use of committee annual workplans and agendas aligned with their duties and responsibilities set out in their respective charters or terms of reference. Committee charters are annually reviewed to ensure that they remain relevant with the committees' authority, objectives and responsibilities.

Audit and risk committee

Role:
- Ensuring that Business Partners Limited's financial standing is sound
- Raising any finance and risk-related concerns and performing a vital role in the Company's integrated risk management process
- Reviewing the annual budget, interim results and financial statements
- Providing feedback to the board at each board meeting following an audit and risk committee meeting
- Reporting to shareholders each financial year

Composition:
- Chairperson: Neville Williams
- Non-executive directors: Olga Kotze*, Friedel Meisenholl*, Nazeem Martin*
- Nazeem Martin, chairperson of the board, attended one meeting as a standing invitee
- External and internal auditors attended meetings as standing invitees
- The managing director, chief investment officer, CFO, chief risk officer and executive general manager: property and asset management attended meetings as standing invitees
- David Moshapalo, chairperson of the social and ethics committee, attended the year-end meeting as a standing invitee

* Categorised as an independent non-executive member in terms of King IV recommended practices.

The board, through an assessment conducted by the nominations committee, is supportive of Neville Williams acting as chairperson of the committee. In reaching this decision the nominations committee took into account the accounting and audit experience Neville Williams brings and his unique value-adding position as well as the fact that the majority of committee members were categorised as independent pursuant to the King IV recommended practice.

Our Leadership and Governance

Nominations committee

Role:
- Ensuring that the incumbent board and its committees are appropriately structured and execute their functions effectively
- Reviewing the performance of the incumbent board, individual directors, the chairperson and the board committees
- Overseeing a succession plan for the board and identifying suitable potential candidates to serve as directors
- Reviewing the independence of non-executive directors for purposes of categorisation pursuant to the King IV recommended practice and recommending audit and risk committee members to the AGM for election in terms of the Companies Act, 2008
- Monitoring the balance of required skills, experience, diversity and knowledge of the Company and industry of the incumbent board, and the continued independence of the board

Composition:
- Chairperson: Nazeem Martin
- Non-executive directors: David Moshapalo, Huli Tshivhase*, Neville Williams, Mariza Lubbe (alternate)
- The managing director attended meetings as a standing invitee

*Appointed as a member on 17 August 2022.

Board investment committee

Role:
- Considering investments within its mandate
- 17 meetings were held during the financial year

Composition:
- Chairperson: the committee elects a chairperson from among non-executive quorum members for each meeting
- Executive director: Ben Bierman (or his nominee)
- Non-executive directors: Craig Ceasar, Olga Kotze, Friedel Meisenholl, David Moshapalo, Nazeem Martin, Themba Ngcobo
- Non-executive member: Theo van Wyk (served until 17 August 2022)
- In addition to the managing director (or his nominee), two committee members comprise the quorum for meetings who attended meetings on a rotating basis in terms of an annual roster approved by the board

Transactions committee

Role:
- Ensuring transparency and independent decision making on all investments and transactions in which a director, employee or a person related to a director or employee has a personal financial interest
- During the financial year no meetings were held as no matters required consideration by the committee

Composition:
The chairperson of the board or the chairperson of the audit and risk committee selects a quorum comprising three disinterested members from among board members for a meeting, when required. The committee elects a chairperson from among quorum members for each meeting.

Human resources and remuneration committee

Role:
Reviewing and making decisions with respect to the Company's human capital, including short and long-term incentive pay structures and the positioning of pay levels relative to local industry benchmarks.

Composition:
- Chairperson: Nazeem Martin
- Non-executive directors: David Moshapalo, Huli Tshivhase, Neville Williams, Mariza Lubbe (alternate)
- The managing director, CFO and executive general manager: human resources attended meetings as standing invitees. The chief investment officer attended two meetings by invitation during the financial year

The board, as recommended by the nominations committee, is supportive of the board chairperson acting as chairperson of this committee given the necessity of aligning Business Partners Limited's measures of performance, remuneration policies and components, and remuneration of executive directors with corporate strategy.

Social and ethics committee

Role:
- Assisting the board with reporting on social, ethical and transformational practices
- Monitoring the Company's performance as a good and responsible corporate citizen
- Reporting material matters and risks identified by the committee to the audit and risk committee, human resources and remuneration committee or the board
- Reporting to shareholders at each AGM

Composition:
- Chairperson: David Moshapalo
- Non-executive directors: Themba Ngcobo, Mariza Lubbe
- Executive director: Ben Bierman

As some of the functions of the social and ethics committee overlap with those of the audit and risk committee, the internal auditors attended social and ethics committee meetings by standing invitation to provide assurance to the committee as part of the combined assurance process. In addition, the chairperson of the social and ethics committee attended, as a standing invitee, the audit and risk committee year-end meeting when the annual financial statements were considered.

Members of executive management attended meetings by invitation to address the committee on social, ethical and transformational practices within their areas of expertise.

Governance of risk

The board retains ultimate responsibility for the adequacy and effectiveness of Business Partners Limited's enterprise risk management programme.

The board delegates risk oversight and the responsibility to challenge management's reporting of the Company's principle risks to the audit and risk committee. The committee is responsible for evaluating and advising the board on whether the risk appetite statement is clearly defined and aligned with Business Partners Limited's stated purpose, values and strategy. The committee reports back to the board on actual or forecast material breaches of risk appetite and evaluates the appropriateness of management's proposed remedial responses.

The board-approved enterprise risk management policy is annually reviewed by the board to ensure high quality management of risk exposures relevant and appropriate to the nature and scale of the universe of risks faced by the Company.

Remuneration of board members

Non-executive directors receive fees for their services as directors on the board and as members of board committees as approved by shareholders at the preceding AGM. Remuneration paid to non-executive directors, executive directors and prescribed officers during the year under review, is disclosed in note 32.2 of the annual financial statements.

Annual Financial Report

Statement of responsibility by the Board of Directors

The directors of Business Partners Limited are responsible for the preparation of the consolidated annual financial statements of Business Partners Limited and its subsidiary entities ('the Group') and the separate annual financial statements of Company ('Company'). In discharging this responsibility, the directors rely on management to prepare the annual financial statements in accordance with International Financial Reporting Standards ('IFRS') and for keeping adequate accounting records in accordance with the Group and Company's system of internal control. As such, the annual financial statements include amounts based on judgments and estimates made by management.

In preparing the annual financial statements, suitable accounting policies have been applied and reasonable estimates have been made by management. The directors approve significant changes to accounting policies. However, there were no changes to accounting policies during the financial year except as disclosed elsewhere in the financial statements. The financial statements incorporate full and responsible disclosure in line with the Group's philosophy on corporate governance.

The directors are responsible for the Group and Company's system of internal control. To enable the directors to meet these responsibilities, the directors set the standards for internal control to reduce the risk of error or loss in a cost effective manner. The standards include the appropriate delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company.

Based on the information and explanations given by management and the internal auditors, the directors are of the opinion that the internal controls are adequate and that the financial records may be relied on in preparing the annual financial statements in accordance with IFRS and maintaining accountability for the Group and Company's assets and liabilities. Nothing has come to the attention of the directors to indicate any breakdown in the functioning of internal controls, resulting in a material loss to the Group and Company, during the year and up to the date of this report.

Based on the effective internal controls implemented by management, the directors are satisfied that the annual financial statements fairly present the state of affairs of the Group and the Company, at the end of the financial year, and the net income and cash flows for the year. Ms RA Dolphin, Chief Financial Officer, supervised the preparation of the annual financial statements for the year.

The directors have reviewed the Group and Company's budget and flow of funds forecast and considered the Group and Company's ability to continue as a going concern in the light of current and anticipated economic conditions. The directors have reviewed the assumptions underlying these budgets and forecasts based on currently available information. Based on this review, and in the light of the current financial position and profitable trading history, the directors are satisfied that the Group and Company has adequate resources to continue in business for the foreseeable future. The going concern basis therefore continues to apply and has been adopted in the preparation of the annual financial statements.

It is the responsibility of the Group's independent external auditors, Ernst and Young Inc., to report on the fair presentation of the annual financial statements. Their unqualified report appears on pages 100 to 101.

The consolidated and separate annual financial statements of the Group and Company, which appear on pages 106 to 184 were approved by the Board of Directors on 1 June 2023 and are signed on its behalf by two directors. No authority was given to anyone to amend the annual financial statements after the date of issue.

N Martin
Chairperson

BD Bierman
Managing Director

Certificate by the Company Secretary

I certify, in terms of section 88(2) of the Companies Act 71 of 2008 ('the Act'), that for the year ended 31 March 2023, the Company has filed all the required returns and notices in terms of this Act, and that all such returns and notices appear, to the best of my knowledge and belief, true, correct and up to date.

CM Gerbrands
Company Secretary
1 June 2023

Audit and Risk Committee report

This report is provided by the Audit and Risk Committee, in respect of the 2023 financial year of Business Partners Limited, in compliance with section 94 of the Companies Act 71 of 2008.

The Audit and Risk Committee confirms that it has functioned in accordance with its terms of reference and fulfilled all its duties as prescribed by the Companies Act 71 of 2008 ('the Act') and reports as follows in terms of section 94(7) of the Act for the financial year ended 31 March 2023:

- Four committee meetings were held during the financial year.
- The committee is governed by a Board-approved Charter and has discharged its responsibilities contained therein. The effectiveness of the committee and its individual members was assessed as part of the annual committee self-evaluation process.
- The committee nominated the external auditors for appointment and has satisfied itself that the external auditors are independent of the Group as set out in section 94(8) of the Act.
- The appointment of the external auditors complies with the Act and with all other legislation relating to the appointment of external auditors. The external auditors' terms of engagement, audit scope, approach and budgeted fees have been reviewed.
- The nature and extent of non-audit services that the external auditors may provide to the Group was defined and pre-approved.
- The committee reviewed the accounting policies and the financial statements of the Group and is satisfied that they are appropriate and comply with International Financial Reporting Standards and recommended their approval to the Board.
- The committee oversaw a process by which internal audit assessed the effectiveness of the system of internal control and risk management, including internal financial controls.
- The committee receives and deals with any concerns or complaints relating to accounting practices and internal audit of the Group, the content or auditing of the Group's financial statements, the internal financial controls of the Group or any related matter. No matters of significance were raised in the past financial year.
- The committee assessed and obtained assurance from the external auditors that their independence was not impaired.
- The committee confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act 26 of 2005.
- The committee is satisfied that the Group can manage its Information Technology capabilities and the related controls are appropriate to support the integrity of financial reporting.
- In respect of the financial statements, the committee:
  - Reviewed management's process and progress with respect to new financial accounting and reporting developments;
  - Reviewed the results of the Group's internal estimations and judgements applied with respect to IAS 40 and IFRS 9, as well as the results and the external auditors' report on the Group's IAS 40 and IFRS 9;
  - Confirmed the going concern basis for the preparation of the annual financial statements;
  - Examined and reviewed the annual financial statements prior to submission and approval by the Board;
  - Ensured that the annual financial statements fairly present the financial position of the Group and of the Company as at the end of the financial year and the results of operations and cash flows for the financial year then ended;
  - Considered accounting treatments, significant unusual transactions and accounting judgements;
  - Reviewed any significant legal and tax matters that could have a material impact on the financial statements; and
  - Reviewed and discussed the independent auditor's report.

NJ Williams
Chairperson: Audit and Risk Committee

Independent Auditor's Report to the shareholders of Business Partners Limited

Opinion

We have audited the consolidated and separate financial statements of Business Partners Limited and its subsidiaries (the "group and company") set out on pages 106 to 184, which comprise the consolidated and separate statements of financial position as at 31 March 2023, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group and company as at 31 March 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards 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 of the group and company and 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 of the group and company and 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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 52-page document titled "Business Partners Limited Annual Financial Statements for the year ended 31 March 2023", which includes the Directors' Report as required by the Companies Act of South Africa, statement of responsibility by the Board of Directors, Certificate by the Company Secretary and the Audit and Risk Committee Report. The other information also comprises the document titled "Business Partners Limited Integrated Annual Report for the year ended 31 March 2023", which is expected to be made available to us after the date of this report. The other information does not include the consolidated and separate financial statements and our auditors' 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. When we read the Business Partners Annual Integrated for the year ended 31 March 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Other Matters

The financial statements of Business Partners Limited for the year ended 31 March 2022, were audited by another auditor who expressed an unmodified opinion on those statements on 06 June 2022.

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 International Financial Reporting Standards 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's and 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 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 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 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance 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.

Ernst & Young Inc.

Ernst & Young Inc.
Director: Zaheer Wadee
Registered Auditor
Chartered Accountant (SA)

8 June 2023

Report of the Board of Directors for the year ended 31 March 2023

1. Nature of the business

Business Partners Ltd is a specialist financial services company providing risk finance, technical assistance and mentorship to small and medium enterprises (SMEs) in South Africa. Revenue is derived from interest and equity yields from the investments made.

The Group provides investment, management and support services to Business Partners International Africa LLC, an investment company in which Business Partners Ltd and international development finance institutions are shareholders. This investment company provides access to finance for SMEs in Kenya, Rwanda, Uganda, Malawi and Namibia. Revenue is derived from management fees and equity yields.

The Group's investment property portfolio located across South Africa is comprised of industrial and retail real estate investments generating market related returns from tenants consisting largely of SMEs. Revenue is derived from rental income and capital appreciation in the portfolio.

2. Market conditions

Global economic growth was subdued by geopolitical tensions, supply chain disruptions and the ongoing war in Ukraine. Central banks responded to historically high inflation rates by increasing interest rates which contributed to capital outflows from emerging markets to safer havens such as the US Dollar and developed economies.

Locally, the prospects for an economic recovery was negatively affected by the increased frequency and duration of electricity blackouts and a largely dysfunctional public sector transport logistics system. Increases in inflation, both imported (due to a weaker Rand and higher fuel costs) and local (driven by rising food prices), resulted in higher and rising interest rates. Business confidence and businesses' appetite for growth and expansion remained depressed against a backdrop of political tensions and uncertain, often business "unfriendly", policy frameworks.

SMEs demonstrated remarkable resilience in their recovery from COVID and the current dire circumstances in the South African economic environment. However, the sustainability and survival of large parts of the SME sector is at risk if decisive and immediate action is not taken to address the energy crisis and the rapidly decaying transport logistics infrastructure. Urgent action by all role players, especially Government at national and provincial levels, is needed to avoid the decimation of the SME sector, a significant contributor to both employment opportunities and economic growth.

3. Going concern

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern. The Directors concluded that the Company is and will continue to be a going concern after assessing the solvency and liquidity of the Group now and for the foreseeable future.

4. Events after year-end

The Directors are not aware of any matters or circumstances arising since the end of the financial period, not otherwise dealt with in the consolidated financial statements, that significantly affect the financial position of the Group or the results of its operations.

5. Operational and financial performance

The Group approved 394 (2022: 261) investments in its South African operations amounting to R1 070,6 million (2022: R1 052,1 million) with disbursements of R817,5 million (2022: R878,1 million) during the period under review. Business Partners International Africa LLC approved 50 (2022: 38) investments amounting to R204,7 million (2022: R146,0 million) with disbursements of R158,9 million (2022: R75,3 million) during the period under review. The Group's net profit after tax amounted to R249,8 million, a 3,9 percent decrease from the R259,9 million reported in the prior year.

6. Investments in associates

The Group's investment in 345 associates (2022: 342) was reflected on the statement of financial position at a carrying value of R93,1 million (2022: R92,8 million).

The Board approved a fair value for these investments of R395,5 million (2022: R333,9 million). The fair value was determined by applying valuation methods supported by the Southern African Venture Capital and Private Equity Association (SAVCA).

7. Share capital and reserves

The authorised share capital remained unchanged at 400 million ordinary shares of R1 each. The issued share capital remains at 173,0 million shares with a par value of R1 per share.

8. Earnings per share

The earnings per share is disclosed in note 28 of the annual financial statements.

9. Dividend

The Board assessed the quality of the current year earnings, the liquidity of the Group and concluded that a dividend of 28 cents per share be declared. The dividend will be paid on 25 August 2023 to shareholders registered in the Company's share register at close of business on 16 August 2023.

10. Major shareholders

Shareholders holding more than one percent of the issued share capital of the Company are detailed below.

Shareholders	Number of shares	Percent of shares
Eikenlust Proprietary Limited (Remgro Limited)	76 276 317	44,1%
Small Enterprise Finance Agency SOC Limited	37 294 299	21,6%
Old Mutual Life Assurance Group (South Africa) Limited	11 290 818	6,5%
Absa Group Limited	8 117 003	4,7%
Nedbank Group	6 717 405	3,9%
FirstRand Limited	6 093 656	3,5%
Standard Bank Investment Corporation Limited	5 602 422	3,2%
First National Nominees Proprietary Limited	2 936 373	1,7%
Barloworld Limited	2 209 594	1,3%
Balance of shareholders	16 462 707	9,5%
	173 000 594	**100%**

11. Directors

11.1 The directors of the Company on 31 March 2023 were:

Directors elected by shareholders in terms of Article 20.1.2 of the Memorandum of Incorporation:	
Ms O Kotze	Ms HE Tshivhase
Mr N Martin (Chairperson)	Mr D Moshapalo
Mr F Meisenholl	Mr SST Ngcobo

Report of the Board of Directors for the year ended 31 March 2023

Directors appointed by shareholders in terms of Article 20.1.3 of the Memorandum of Incorporation:	
Mr CW Ceasar	Ms S Siwisa
Ms M Lubbe	Mr NJ Williams
Mr DM Matshamba	

Directors appointed by the Board of Directors and confirmed by an election of the shareholders in terms of Article 20.2 of the Memorandum of Incorporation:
Mr BD Bierman (Managing Director)
Ms RA Dolphin (Chief Financial Officer)
Mr J Lang (Chief Investment Officer)

11.2 During the financial year the following changes occurred in the composition of the Board of Directors:

Director	Event	Terms of Memorandum of Incorporation	Effective date
Mr N Martin	Retired and re-elected	Article 20.1.2	17 August 2022
Mr D Moshapalo	Retired and re-elected	Article 20.1.2	17 August 2022
Mr AM Mahosi	Resigned and replaced	Article 20.1.3	30 April 2022
Ms S Siwisa	Appointed	Article 20.1.3	21 June 2022

Ms S Siwisa resigned with effect from 28 April 2023 and Dr MJ Qobo replaced her as Director in terms of Article 20.1.3 with effect from 8 May 2023.

11.3 Directors' remuneration and interests

The Directors' remuneration is set out in note 32.2 to the annual financial statements. No material contracts in which the Directors have any interest were entered into in the current year.

12. Company secretary

The Company Secretary is Ms CM Gerbrands whose business and postal address is the same as the registered office of the Company.

13. Annual financial statements

The preparation of the annual financial statements was supervised by Ms RA Dolphin, Chief Financial Officer.

14. Auditors

Ernst & Young Inc. were appointed as auditors of the Group for the 2023 financial year, with Mr Z Wadee as the designated auditor.

15. Acknowledgements

Sincere appreciation is extended to all our Shareholders for their support, and to the Board of Directors for their dedicated and positive contribution throughout the year. To the entire staff of Business Partners Limited their hard work and commitment in difficult circumstances contributed to the pleasing financial results of the Group.

N Martin
Chairperson
1 June 2023

BD Bierman
Managing director
1 June 2023

Annual financial statements

For the year ended
31 March 2023

Consolidated and separate statement of financial position
as at 31 March 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**R000**	R000	**R000**	R000
Assets					
Cash and cash equivalents	3	**127 567**	332 455	**103 125**	309 873
Accounts receivable	4	**51 900**	44 293	**29 122**	27 485
Current income tax asset		**945**	3 725	**-**	541
Loans and receivables	5	**2 965 764**	3 003 729	**2 965 764**	3 003 729
Other investments	6	**104 855**	61 468	**104 851**	61 464
Assets held for resale	7	**28 379**	31 732	**28 379**	31 732
Investments in associates	8	**93 054**	92 831	**1 460**	1 459
Loans to subsidiaries	9	**-**	-	**503 006**	501 321
Investments in subsidiaries	9	**-**	-	**12**	12
Investment properties	10	**1 838 354**	1 737 538	**929 921**	907 663
Property, equipment and right-of-use asset	11	**113 655**	114 223	**36 580**	52 365
Deferred tax asset	12	**120 075**	178 302	**121 111**	183 259
Defined benefit pension fund surplus	13	**150 084**	236 369	**150 084**	236 369
Total assets		**5 594 632**	5 836 665	**4 973 415**	5 317 272
Equity and liabilities					
Capital and reserves attributable to equity holders of the parent		**4 083 216**	3 865 754	**3 475 495**	3 335 385
Share capital	14	**173 001**	173 001	**173 001**	173 001
Fair value and other reserves	15	**10 311**	84 187	**2 568**	79 513
Retained earnings		**3 899 904**	3 608 566	**3 299 926**	3 082 871
Non-controlling shareholders' interest		**15 506**	14 553	**-**	-
Total equity		**4 098 722**	3 880 307	**3 475 495**	3 335 385
Accounts payable	16	**108 294**	95 321	**66 445**	44 182
Loans from subsidiaries	9	**-**	-	**64 187**	73 092
Provisions	17	**60 445**	54 157	**59 203**	52 764
Shareholders for dividend		**1 951**	1 173	**1 951**	1 173
Lease liability	18	**6 066**	8 993	**36 833**	51 573
Current tax liability		**-**	-	**526**	-
Borrowings	19	**1 101 911**	1 436 703	**1 079 136**	1 414 744
Deferred tax liability	12	**217 243**	266 335	**189 639**	250 683
Post-employment medical benefits	13	**-**	93 676	**-**	93 676
Total liabilities		**1 495 910**	1 956 358	**1 497 920**	1 981 887
Total equity and liabilities		**5 594 632**	5 836 665	**4 973 415**	5 317 272

Consolidated and separate statement of comprehensive income
for the year ended 31 March 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**R000**	R000	**R000**	R000
Net interest income	20	**302 809**	281 151	**306 256**	282 968
Interest income		**392 353**	357 670	**395 800**	359 487
Interest expense		**(89 544)**	(76 519)	**(89 544)**	(76 519)
Fee revenue		**2 010**	2 093	**2 009**	2 092
Investment income and gains	21	**136 508**	143 880	**110 145**	74 489
Net property revenue	22	**164 345**	152 254	**86 833**	93 208
Property revenue	22.1	**347 221**	323 435	**189 613**	185 417
Property expenses	22.2	**(182 876)**	(171 181)	**(102 780)**	(92 209)
Management and service fee income		**18 278**	18 386	**20 517**	20 944
Other income		**2 008**	3 727	**1 457**	1 906
Total income		**625 958**	601 491	**527 217**	475 607
Net credit losses released	23	**7 108**	23 073	**7 108**	26 096
Staff costs	24	**(212 574)**	(204 217)	**(203 677)**	(194 408)
Other operating expenses	25	**(88 205)**	(68 351)	**(104 308)**	(85 739)
Profit before taxation		**332 287**	351 996	**226 340**	221 556
Income tax expense	27	**(82 444)**	(92 006)	**(53 598)**	(56 674)
Profit for the year		**249 843**	259 990	**172 742**	164 882
Other comprehensive income / (loss) after tax:					
Items that will not be reclassified to profit or loss					
Remeasurement of defined benefit pension fund		**-**	577	**-**	577
Gross amount	13.1.6	**-**	(819)	**-**	(819)
Tax effect	27.3	**-**	1 396	**-**	1 396
Remeasurement of post-employment medical benefits		**-**	153	**-**	153
Gross amount	13.2.2	**-**	2	**-**	2
Tax effect	27.3	**-**	151	**-**	151
Fair value adjustment on financial assets held at fair value through other comprehensive income		**(2 092)**	1 177	**(2 092)**	1 177
Gross amount	15	**(2 669)**	1 480	**(2 669)**	1 480
Tax effect	27.3	**577**	(303)	**577**	(303)

Consolidated and separate statement of comprehensive income
for the year ended 31 March 2023

		GROUP		COMPANY	
		2023	2022	**2023**	2022
	Notes	**R000**	R000	**R000**	R000
Foreign currency translation reserve movement		**21 473**	(3 607)	**21 360**	(3 772)
Gross amount	15	**27 358**	(4 440)	**27 245**	(4 605)
Tax effect	27.3	**(5 885)**	833	**(5 885)**	833
Share of associates' other comprehensive income / (loss)	15	**2 956**	(979)	**-**	-
Other comprehensive income / (loss) for the year		**22 337**	(2 679)	**19 268**	(1 865)
Total comprehensive income for the year		**272 180**	257 311	**192 010**	163 017
Profit attributable to:					
Owners of Business Partners Limited		**247 025**	257 861	**172 742**	164 882
Non-controlling interests		**2 818**	2 129	**-**	-
		249 843	259 990	**172 742**	164 882
Total comprehensive income attributable to:					
Owners of Business Partners Limited		**269 362**	255 182	**192 010**	163 017
Non-controlling interests		**2 818**	2 129	**-**	-
		272 180	257 311	**192 010**	163 017
Earnings per share					
Basic earnings per share (cents)	28.1	**142.8**	149.1		
Headline earnings per share (cents)	28.2	**94.9**	91.3		

Consolidated and separate statement of changes in equity
for the year ended 31 March 2023

		Attributable to equity holders of the parent				
		Share capital	Fair value and other reserves***	Retained earnings	Non-controlling interest	Total
	Notes	R000	R000	R000	R000	R000
Group						
Balance at 01 April 2021		173 001	86 866	3 349 736	13 259	3 622 862
Total comprehensive (loss) / income for the year		-	(2 679)	257 861	2 129	257 311
Net profit		-	-	257 861	2 129	259 990
Other comprehensive loss		-	(2 679)	-	-	(2 679)
Dividend	29	-	-	-	-	-
Retained earnings adjustment from associates		-	-	969	-	969
Non-controlling interest recognised directly in equity		-	-	-	(835)	(835)
Balance at 31 March 2022		173 001	84 187	3 608 566	14 553	3 880 307
Balance at 01 April 2022		**173 001**	**84 187**	**3 608 566**	**14 553**	**3 880 307**
Total comprehensive (loss) / income for the year		**-**	**(73 876)**	**343 238**	**2 818**	**272 180**
Net profit		**-**	**-**	**247 025**	**2 818**	**249 843**
Net actuarial loss on post retirement benefits directly to equity	13.3	**-**	**(96 213)**	**96 213**	**-**	**-**
Other comprehensive income		**-**	**22 337**	**-**	**-**	**22 337**
Dividend	29	**-**	**-**	**(51 900)**	**-**	**(51 900)**
Non-controlling interest recognised directly in equity		**-**	**-**	**-**	**(1 865)**	**(1 865)**
Balance at 31 March 2023		**173 001**	**10 311**	**3 899 904**	**15 506**	**4 098 722**
Company						
Balance at 01 April 2021		173 001	81 378	2 917 989	-	3 172 368
Total comprehensive (loss) / income for the year		-	(1 865)	164 882	-	163 017
Net profit		-	-	164 882	-	164 882
Other comprehensive loss		-	(1 865)	-	-	(1 865)
Dividend	29	-	-	-	-	-
Balance at 31 March 2022		173 001	79 513	3 082 871	-	3 335 385
Balance at 01 April 2022		**173 001**	**79 513**	**3 082 871**	**-**	**3 335 385**
Total comprehensive (loss) / income for the year		**-**	**(76 945)**	**268 955**	**-**	**192 010**
Net profit		**-**	**-**	**172 742**	**-**	**172 742**
Net actuarial loss on post retirement benefits directly to equity	13.3	**-**	**(96 213)**	**96 213**		**-**
Other comprehensive income		**-**	**19 268**	**-**	**-**	**19 268**
Dividend	29	**-**	**-**	**(51 900)**	**-**	**(51 900)**
Balance at 31 March 2023		**173 001**	**2 568**	**3 299 926**	**-**	**3 475 495**

**** The fair value and other reserves composition is disclosed in note 15.*

Consolidated and separate cash flow statement
for the year ended 31 March 2023

		GROUP		COMPANY	
		2023	2022	2023	2022
	Notes	R000	R000	R000	R000
Cash flow from operating activities					
Profit before taxation		**332 287**	351 996	**226 340**	221 556
Non-cash adjustments	**31.1**	**(119 203)**	(155 120)	**(80 129)**	(83 147)
Dividends received		**(19)**	(15)	**(2 880)**	(164)
Payment of principal portion of lease liabilities		**-**	6 304	**-**	16 894
Net interest income per income statement	**31.2**	**(302 809)**	(281 151)	**(306 256)**	(282 968)
Net interest received in cash	**31.3**	**227 434**	168 369	**227 434**	168 369
Other movements in assets and liabilities	**31.4**	**11 654**	35 337	**27 065**	17 052
		149 344	125 720	**91 574**	57 592
Net outflow from borrowed funds		**(327 950)**	(106 589)	**(327 950)**	(103 628)
Net inflow / (outflow) on loans and receivables		**40 132**	(42 882)	**48 623**	(32 606)
Cash utilised in operating activities before tax		**(138 474)**	(23 751)	**(187 753)**	(78 642)
Taxation paid	**31.5**	**(75 802)**	(90 602)	**(56 735)**	(63 266)
Net cash flow utilised in operating activities		**(214 276)**	(114 353)	**(244 488)**	(141 908)
Cash flow from investing activities					
Capital investment in					
– investment properties	**10**	**(6 111)**	(42 685)	**(3 118)**	-
– property and equipment	**11**	**(3 850)**	(2 357)	**(3 167)**	(3 383)
– other investments	**6**	**(18 812)**	-	**(18 812)**	-
Proceeds from sale of					
– investment properties		**26 368**	3 782	**26 368**	3 782
– assets held for resale		**2 653**	50 000	**2 653**	-
– property and equipment		**43**	112	**43**	112
– investments in associates		**54 008**	65 264	**54 008**	65 264
– subsidiaries		**161**	-	**1**	-
Interest from balances in bank		**9 223**	9 182	**8 494**	9 095
Dividends received from investments in associates		**2 880**	15	**2 880**	164
Loans advanced to subsidiaries	**32**	**-**	-	**(16 550)**	(14 738)
Loans repaid from subsidiaries	**32**	**-**	-	**53 784**	59 103
Net cash generated from investing activities		**66 563**	83 313	**106 584**	119 399

		GROUP		COMPANY	
		2023	2022	2023	2022
	Notes	R000	R000	R000	R000
Cash flow from financing activities					
Dividends paid	**31.6**	**(51 122)**	(1 147)	**(51 122)**	(1 147)
Payment of principal portion of lease liabilities	**18**	**(6 053)**	(6 304)	**(17 722)**	(16 893)
Net cash flow utilised in financing activities		**(57 175)**	(7 451)	**(68 844)**	(18 040)
Movement in cash and cash equivalents		**(204 888)**	(38 491)	**(206 748)**	(40 549)
Cash and cash equivalents at beginning of year	**3**	**332 455**	370 946	**309 873**	350 422
Cash and cash equivalents at end of year	**3**	**127 567**	332 455	**103 125**	309 873

Notes to the consolidated and separate financial statements

For the year ended
31 March 2023

Notes to the consolidated and separate financial statements
for the year ended 31 March 2023

1. Accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below and are consistent with those of the previous year, unless otherwise stated.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS'), as issued by the International Accounting Standards Board ('IASB') and the Companies Act 71 of 2008 in South Africa. The financial statements have been prepared under the historical cost basis except for the following material items in the statement of financial position:

- Investment properties at fair value
- Financial Instruments at fair value
- Investments in associates are accounted for at cost at a Company level and are equity accounted at a Group level
- Cash and cash equivalents at fair value

1.2 New and amended standards

1.2.1 New and amended standards adopted
The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, applicable to the financial year beginning on or after 1 April 2022:

Standard	Effective date	Summary
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	1 January 2022	The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The amendments did not have a material impact on the annual financial statements.
Reference to the Conceptual amendments were made to IFRS 3	1 January 2022	Minor amendments were made to IFRS 3 Business Combinations to update the references to the Conceptual Framework for Financial Reporting and to add an exception for the recognition of liabilities and contingent liabilities within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets and Interpretation 21 Levies. The amendments also confirm that contingent assets should not be recognised at the acquisition date. The amendments did not have a material impact on the annual financial statements.
Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37	1 January 2022	The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. The amendments did not have a material impact on the annual financial statements.
Annual Improvements to IFRS Standards 2018–2020	1 January 2022	The following improvements were finalised in May 2020: • IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities. • IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives. • IFRS 1 First-time Adoption of International Financial Reporting Standards – allows entities that have measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. • IAS 41 Agriculture – removal of the requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis. The amendments did not have a material impact on the annual financial statements.

1.2.2 New and amended standards not yet adopted

The following standards are applicable to periods beginning on or after 1 April 2023. The Group has not early adopted these standards, adoption will coincide with the effective date.

The amendments below may have an impact in the manner in which the below items are measured and disclosed in the financial statements. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standard	Effective date	Summary
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023 (deferred from 1 January 2022)**	The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity. They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. ** Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

Notes to the consolidated and separate financial statements
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Standard	Effective date	Summary
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	1 January 2023	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.
Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.
Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023	The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with: • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is reflected in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Summary of accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.3 Consolidation

1.3.1 Business combinations

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a business is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group, in exchange for control over the acquiree. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as and when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsequently, the carrying amount of non-controlling interest is the amount of the interest at initial recognition plus the non-controlling interest's share of the subsequent change in equity. Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Goodwill is measured as the difference between:
the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree; and the sum of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

1.3.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions with Group companies are eliminated. Unrealised losses are also eliminated.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the financial statements of the Company.

1.3.3 Transactions with non-controlling interests

The Group accounts for transactions with non-controlling interests as transactions with equity holders of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. For disposals to non-controlling interests, gains or losses are also recorded in equity.

1.3.4 Investments in associates

Associates are all entities over which the Group generally has significant influence but not control, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss component of the statement of comprehensive income and its share of post-acquisition movements in reserves are recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. The latest audited financial statements are used to determine the share of the associated companies' earnings.

Notes to the consolidated and separate financial statements
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Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Dilution gains or losses arising from investments in associates are recognised in the statement of comprehensive income. A reserve account "share of other comprehensive income" is used to record the Group's share of other comprehensive income of associate companies. These reserves are reclassified to retained earnings when the investment in the associate is disposed of. The Company carries its investment in associates at cost.

1.4 Financial instruments

1.4.1 Financial assets - initial recognition

Financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial classification and measurement of financial assets
At initial recognition, the Group recognises financial assets at their fair value, plus or minus transaction costs that are incremental and directly attributable to the acquisition of the assets. This only applies to financial assets not measured at fair value through profit or loss. Transaction costs of financial assets measured at fair value through profit or loss are expensed as incurred. After initial recognition, an expected credit loss allowance is recognised in profit or loss for financial assets measured at amortised cost.

Measurement categories of financial assets
The Group classifies all of its financial assets based on the business model for managing the asset and the asset's contractual cashflow characteristics, measured at either:

i) amortised cost; or
ii) fair value through profit and loss ('FVPL').
iii) fair value through other comprehensive income ('FVOCI').

(i) Amortised cost
Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at fair value through profit and loss ('FVPL'), are measured at amortised cost.

Amortised cost and effective interest rate

The amortised cost is the amount at which a financial asset is measured. It is measured at the initial recognition amount minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount. For financial assets the amortised cost is adjusted for any loss allowance.

The effective interest rate ('EIR') is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability, to the gross carrying amount of a financial asset (i.e. its amortised cost before any impairment allowance) or to the amortised cost of a financial liability. The calculation does not consider any loss allowance and includes transaction costs and fees received or paid that are integral to the effective interest rate.

Interest income

The Group calculates interest income on financial assets, other than those considered credit impaired, by applying the EIR to the gross carrying amount of the financial asset.

The carrying amount of assets at amortised cost are adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in "Interest income" using the effective interest rate method.

When the financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Group calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Group reverts to calculating interest income on a gross basis.

Royalty fees

Royalty fees represent additional compensation for the risk taken in respect of a loan that has been advanced. In substance, royalty income is interest income. There are two types of royalty income:

Fixed royalty
Fixed royalties payments are set at the beginning of the contract. This type of interest is calculated in the same way as interest income above by applying the effective interest rate.

Variable royalty
Variable royalties are based on the higher of projected or actual performance of the clients' agreed upon performance indicator. This is also interest but does not fall within the definition of interest income due to its dependence on variable factors outside of the advanced loan. This amount is clearly insignificant and has been disclosed as interest income.

Contract fees

Contract fees which consist of raising fees, amendment fees, late drawdown fees, legal and valuation fees are generated from loan agreements and are classified as interest income.

Financial assets classified at amortised cost

Financial assets classified at amortised cost comprise debt instruments and equity instruments.

(a) Debt instruments
Financial assets are classified as debt instruments depending on the business model used for managing the assets and the cash flow characteristics of the assets.

The business model informs whether the Group's objective is solely to collect the contractual cash flows from the asset or is to collect both the contractual cash flows and the cash flows arising from the sale of the asset. If neither of these is applicable, then the financial asset is classified as part of 'other' and measured at FVPL.

The cash flow characteristics are assessed using the solely payments of principal and interest test (the 'SPPI test'). The Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest incorporates the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group reclassifies debt instruments only when its business model for managing those assets changes.

Loan commitments provided by the Group are measured as the exposure amount less allowance. Except for intercompany loans, the Group has not provided any commitment to provide loans at below market interest rates, or that can be settled net in cash or by delivering or issuing another financial instrument.

(b) Equity investments
Equity investments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns.

Equity investments include listed and unlisted investments. Fair value of listed investments is calculated by reference to stock exchange quoted selling prices at the close of business on the statement of financial position date. Fair value of unlisted investments is determined by using the net asset valuation model.

(ii) Assets designated at fair value through profit and loss
Financial assets at FVPL are recognised in the statement of financial position at fair value. Changes in the fair value are recorded in profit and loss taking into account any transaction costs being an integral part of the instrument. Interest earned on assets mandatorily required to be measured at FVPL is recorded using the contractual interest rate.

Notes to the consolidated and separate financial statements
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(iii)Debt instruments fair value through other comprehensive income
Financial assets that are not designated at FVPL are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income ('OCI'), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to retained earnings. Interest income from these financial assets are included in interest income using the effective interest rate method.

Expected credit loss

Expected credit losses are determined based on an expected credit loss ('ECL') model. The Group assesses, on a forward-looking basis, the expected credit losses associated with its debt instrument assets carried at amortised cost, the exposure arising from loan commitments and lease receivables.

For loan commitments, the loss allowance is recognised as a provision. However for contracts that include both a loan and undrawn commitment and the Group cannot separately identify the ECL the undrawn commitment component from the loan component, the ECL on the undrawn commitment is recognised together with the ECL allowance for the loan. To the extent that the combined ECL exceeds the gross carrying amount of the loan, the ECL is recognised as a provision.

Loss allowances are measured on either of the following basis:
- Stage 1 which are 12 Month ECLs: these are ECLs that result from possible default events within 12 months after the reporting date; and
- Stage 2 and 3 which are Lifetime ECL: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group is required to recognise an allowance for either a 12-month or lifetime ECL, depending on whether there has been a significant increase in credit risk ('SICR') since initial recognition. Indicators of SICR are when any of the following are met:

Quantitative criteria:
- the client has no arrears, however they have missed more than two instalments in the past six months; or
- the client has been in arrears for 30 - 89 days.

Qualitative criteria and backstop:
The Group has applied the backstop in determining whether there has been a SICR as the Group is still in the process of developing a set of qualitative criteria.

ECL measurement

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money;
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events;
- current conditions and forecasts of future economic conditions; and
- the entity's best available forward looking information.

The assessment of the ECL of financial assets entails the estimation of the likelihood of defaults occurring and of default correlations between counterparties. The Group measures ECL using probability of default ('PD'), exposure at default ('EAD') and loss given default ('LGD'). Expected credit losses are the product of PD, EAD and LGD.

The assessment of SICR and the calculation of the ECL both incorporate forward looking information.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Forward-looking information incorporated in the ECL model

The Group obtained macroeconomic forecasts from external sources in order to incorporate forward looking information ('FLI') in the ECL model. The main macro economic factor that was utilised was GDP forecasts in order to estimate the forward looking impact on the ECL provision, which is summarised as follows :

Macroeconomic forecast	Base scenario	Bearish scenario	Bullish scenario
GDP - South Africa (next 12 months)	0,8%	0,1%	1,0%
Weight (assumption)	35,0%	50,0%	15,0%

The Probability of Defaults (PD's) of the loans and receivables were adjusted to incorporate the above forward looking information (across scenarios and weights) in order to determine the expected credit loss of R371,6 million. For critical judgements, assumptions and estimates made by management, refer to note 1.16.1.

The sensitivity of the IFRS 9 provision against this forward looking information, is as follows:

	IFRS9 ECL Provision R000	% change in IFRS9 ECL provision
As at 31 March 2023		
ECL provision	371 646	
ECL provision based on the different scenarios:		
Bullish (GDP + 100 bps)	366 505	-1,38%
Bearish (GDP - 100 bps)	375 765	1,11%
As at 31 March 2022		
ECL provision	385 128	
ECL provision based on the different scenarios:		
Bullish (GDP + 100 bps)	384 995	-0,03%
Bearish (GDP - 100 bps)	385 261	0,03%

Credit impaired financial assets

On a quarterly basis the Group assesses whether a financial asset carried at amortised cost and debt instruments at FVOCI are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Group defines a financial instrument as in default (or credit impaired) when it meets one or more of the following criteria:

Quantitative criteria:
The client is more than 90 days past due on its contractual payments.

Qualitative criteria:
The client is in legal control and the Group has instituted legal action against the client.

A client is placed under legal control when one or more of the following criteria are met:
- legal judgements are issued against the client;
- the client has been placed under liquidation, judicial management, business rescue or has stopped trading;
- the client fails to comply with any of the terms and conditions, or acts in conflict with any of the provisions of the loan, shareholder or royalty agreements; or
- the client has supplied false information or withheld material information from the Group.

The above criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes.

Notes to the consolidated and separate financial statements
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Modifications of loans

The Group may renegotiate or otherwise modify the contractual cash flows of a loan to a client. When this happens, the Group assesses whether or not the new terms are substantially different to the original terms. The Group does this by considering, among others, the following factors:

- whether the modification merely reduced the contractual cash flows to an amount the borrower is expected to be able to pay;
- significant extension of the loan term when the borrower is not in financial difficulty;
- significant change in the interest rate; or
- the seeking of additional collateral or other credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group derecognises the original financial asset and recognises a new asset at fair value and recalculates a new effective interest rate for the asset. The date of the renegotiation is consequently considered to be the date of the initial recognition for expected credit loss calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the Group also assesses whether the new financial asset recognised is deemed to be credit impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount is recognised in profit or loss as a gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

i) the Group transfers substantially all the risk and reward of ownership; or
ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

1.4.2 Financial liabilities - initial recognition

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Initial classification and measurement of financial liabilities

Financial liabilities in the Group relate to borrowings and accounts payables. Financial liabilities are classified and measured at amortised cost.

(i) Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit and loss over the period of the borrowings using the effective interest rate method.

Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(ii) Accounts payable
Accounts payable consist mainly of funds held in trust on behalf of customers and obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. The amounts are unsecured and are, where applicable, usually paid within 30 days of recognition.

Derecognition

Financial liabilities are derecognised when they are extinguished by discharging the obligation specified in the contract.

The exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modification of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

1.5 Revenue

The Group has multiple revenue streams.

Revenue from financing arrangements

Financing arrangements consist of term finance, property finance and equity investments which are financing options that are provided to clients by the Group. These financing options are provided in the form of loan facilities and equity capital which generate interest income, royalty fees and contract fees (in the form of administration fees).

(i) Interest income
Interest income is recognised in profit and loss using the effective interest rate method, taking into account the expected timing and amount of cash flows.

(ii) Royalty fees
Royalty fees represent additional compensation for the risk taken in respect of a loan that has been advanced. It is calculated based on the higher of projected or actual performance of set factors. Royalty fees are in substance interest earned on advanced loans.

(iii) Administration fees
Contract fees in the form of administration fees are generated from loan agreements. These administration fees are generated upon the provision of services in the form of a monthly administration fee which is charged to the client for the period that the loan amount is active.

Revenue from contracts with customers

Revenue is recognised only when the Group can:
- identify the contract(s) with a client;
- identify the performance obligation in the contract;
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract; and
- recognise the revenue as and when the performance obligation is satisfied.

The Group is able to identify the contract when both the client and the Group have accepted the terms of the agreement. The contract identifies all the services (performance obligations) the Group will render to the client. Based on this, the transaction price is allocated to each identified performance obligation. The Group recognises revenue once the performance obligation is satisfied, which may occur over time or at a point in time.

(i) Fee revenue
Fee revenue is recognised as revenue from a contract with a client. The service fee income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

(ii) Property revenue
Property revenue includes rental income and property expense recoveries.

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(a) Rental income
Rental income, although it is earned revenue from a contract with a client, is classified as a lease.

(b) Property expense recoveries
The tenant pays a monthly contribution, through charges made by the Group to the tenant, for operating costs related to: rates, building insurance, water, electricity, sanitation, taxes, security, cleaning and refuse removal. The Group engages service providers to provide these services in order to fulfil its duty towards the tenant in managing the operational activities.

Subsequently, the Group will effect payments to the service providers and recover these costs from the tenant monthly. These fees are recognised as revenue when the performance obligation has been satisfied.

(iii) Property management and leasing services
The Group provides management services to third party property owners. These services include oversight of the property, payment of service charges (such as rates, security services and insurance) and administrative support.

Property management fees are earned on a monthly basis either as fixed fees or based on a proportion of rent collections. The proportional income gives rise to variable consideration.

The Group recognises revenue from the property management services on an accrual basis and measured at the fair value of the consideration received or receivable.

(iv) Fund management
The nature of the service level agreements require the provision of fund management duties by the Group on behalf of external investors. The Group provides support services under the terms and conditions of the service level agreement. The duties include accounting, legal, information technology, administrative and oversight services for an agreed fee.

The Group recognises and allocates the fund management fee at the end of each month on a straight-line basis.

Fund management fees received in advance are recognised as deferred revenue and reflected as a liability.

Dividend income

Dividend income is recognised when the right to receive payment is established on the ex-dividend date for equity instruments and is included in dividend income.

Other income

Surplus on the realisation of assets are recognised in profit and loss when the amount of revenue and costs from the transaction can be measured reliably and it is probable that the economic benefits of the transaction will flow to the Group.

1.6 Foreign currency activities

1.6.1 Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rand, which is the Group's functional currency and the Group's presentation currency, rounded to the nearest thousand, except when otherwise indicated.

1.6.2 Transactions and balances

Foreign currency transactions are translated into the functional currency of the entity, using the exchange rates prevailing at the date of the transactions or the date of valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within net interest income. All other foreign exchange gains and losses are presented in the statement of comprehensive income within investment income and gains.

Changes in the fair value of instruments denominated in foreign currency classified as investments through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the instrument and other changes in the carrying amount of the instrument. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in the carrying amounts are recognised in other comprehensive income.

Exchange differences arising on translation of the investments held in foreign non-consolidated entities are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to retained earnings when the net investment is disposed.

1.6.3 Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency of the Group are translated into the presentation currency as follows:

- assets and liabilities reflected in the statement of financial position are translated at the closing rate;
- income and expenses reflected in the statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings, are taken to other comprehensive income. When a foreign operation is partially or fully disposed of or sold, exchange differences that were recorded in equity are recognised in the statement of comprehensive income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

1.7 Investment properties

Investment properties are recognised as assets when it is probable that the future economic benefits associated with the investment properties will flow to the Group in the form of long term rental yields and capital appreciation, and the costs of the investment properties can be reliably measured.

Investment properties are initially recorded at cost including transaction costs. Subsequent to initial measurement, investment properties are measured at fair value. Fair value is determined using the discounted cash flow method as performed by suitably qualified personnel. A gain or loss arising from a change in fair value is included in the statement of comprehensive income within investment income and gains.

Investment properties are not occupied by the Group. Owner-occupied offices are recognised as part of property and equipment. A property is considered to be owner-occupied when the Group occupies the majority of the lettable area and the portion not occupied by the Group cannot be sold separately.

1.8 Property and equipment

Property, principally buildings comprising of owner-occupied offices, and equipment are stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of a replaced part of an asset is derecognised. All other repairs and maintenance are charged to profit and loss during the financial period in which it is incurred.

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Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to the residual values over the estimated useful lives of the assets, as follows:

• Buildings	between 25 to 30 years
• Machinery, equipment, furniture and fittings	5 years
• Computer hardware and computer software	3 years
• Vehicles	4 years

Equipment is the aggregate of machinery, equipment, vehicles, computer hardware, computer software and furniture and fittings.

Land is not depreciated. The residual value and the useful life of each asset is reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income within 'other operating expenses'.

1.9 Leases

The Group leases various offices, lease contracts are typically entered into for fixed periods varying between 2 to 5 years but may have renewal periods. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Qualifying leases are recognised as a right of use asset ('ROUA') and a corresponding liability at the date at which the leased asset is made available for use by the Group.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for the below which are expensed:

- leases of low value assets; and
- leases with a term (duration) of twelve months or less.

Recognition and measurement

Group as a lessee
The Group recognises right-of-use-assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for reassessment or modification of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date and excludes any lease incentives received.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include fixed payments (less any lease incentives receivable) and variable lease payments that depend on an index or rates.

The present value of the contractual payments due to the lessor over the lease term is discounted using the incremental borrowing rate, as the interest rate implicit in the lease cannot be readily determined.

The incremental borrowing rate is the rate that the lessee would have to borrow funds necessary to obtain an asset of similar value to the right-of-use-asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses a third party borrowing rate, adjusted to reflect changes in financing conditions since the third party financing was received.

Subsequent measurement
The lease liability is subsequently increased by the interest expense on the lease liability and decreased by lease payments made. Interest expense is charged to the statement of comprehensive income over the lease period to produce a constant periodic rate of interest on the balance of the liability for each period. It is remeasured when there is a change in future lease payments arising from a change in rate, or changes in the assessment of whether a option will or will not be exercised.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation, impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease term on a straight line basis.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period. Payments associated with short-term leases of property are recognised as an expense in profit and loss.

On derecognition of the right-of-use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in property revenue in the statement of comprehensive income.

1.10 Employee benefits

1.10.1 Staff costs

Short-term employee benefits, including salaries, bonuses, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Staff costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably and recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the services.

1.10.2 Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to privately administered pension insurance plans on a contractual basis. The contributions are recognised as an employee benefit expense within staff costs when they are due.

A defined benefit plan is any pension plan that is not a defined contribution plan, and defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

An inflation-linked insurance policy was purchased on 1 June 2021. From this date, the Insurer is responsible for the payment of monthly pensions and any actuarial gains or losses is for the benefit or detriment of the Insurer. Approval was obtained from the Financial Sector Conduct Authority ("FSCA") on 19 April 2022 to transfer the ownership of the insurance policy from the Pension Fund to the respective defined benefit pensioners. The liability in respect of the defined benefit liability has been settled from that date and the Group has no liability or contingent liability.

Prior to the transfer of the insurance policy, the present value of the defined benefit obligation at the end of the reporting period had the same value as the fair value of the plan assets. Actuarial gains or losses arising from experienced adjustments and changes in actuarial assumptions were not recognised in the statement of comprehensive income from the date of purchase of the insurance policy.

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1.10.3 Post-employment medical benefits

The Group provided post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 1 April 1999. An inflation-linked insurance policy was purchased on 1 June 2021. From this date, the Insurer is responsible for the payment of monthly medical aid benefits to pensioners and any actuarial gains or losses is for the benefit or detriment of the Insurer. Approval was obtained from the FSCA on 19 April 2022 to transfer the ownership of the insurance policy from the Pension Fund to the respective pensioners.

The Board of Directors resolved to settle the liability to eligible current employees through a lump sum payment into their retirement fund. The employer surplus of the Pension Fund was used to settle this liability in compliance with the Pension Funds Second Amendment Act of 2001 and the rules of the Pension Fund. Approval was obtained from the FSCA on 12 May 2022.

The liability in respect of the medical benefits due to pensioners and eligible employees has been settled and the Group has no liability or contingent liability.

Prior to the transfer of the insurance policy and the settlement of the lumpsum, the total value of the insurance policy and the lump sum settlement amount was recognised as part of the defined benefit liability recognised in the statement of financial position. Actuarial gains or losses arising from experienced adjustments and changes in actuarial assumptions were not recognised in the statement of comprehensive income from the date of purchase of the insurance policy and the agreed settlement of the post-employment medical benefits to eligible current employees.

1.11 Assets held for resale

Non-financial assets acquired in exchange for loans as part of an orderly realisation are recorded as assets held for resale, if the carrying amounts of the assets are recovered principally through sale, the assets are available for sale in their present condition and their sale is highly probable. Assets held for resale consist mainly of repossessed assets and are recorded at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses. No depreciation is charged in respect of assets held for resale.

1.12 Accounts receivable

Accounts receivable are amounts due from clients for services performed in the ordinary course of business and consist mainly of rent receivable. Trade receivables are recognised initially at cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

1.13 Cash and cash equivalents

Cash and cash equivalents include cash in hand, current accounts and deposits held at call with banks. Money market assets form part of deposits and bank balances and are carried at fair value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, current accounts, deposits held at call with banks and a bank overdraft.

1.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss component of the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these instances the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax law enacted or substantively enacted at the reporting date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management establishes provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred income tax is recognised, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relates to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis or their tax assets and liabilities will be realised simultaneously.

Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity as dividend tax represents a tax on the shareholder and not the Group.

Indirect taxes, including non-recoverable VAT, are recognised in the statement of comprehensive income as part of other operating expenses.

1.15 Provisions and contingent liabilities

A provision is recognised to reflect a present obligation (legal or constructive) arising from a past event when it is more likely than not that a transfer of economic benefits will be necessary to settle the obligation. Further, the expected transfer of economic benefits must be reliably measurable.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

Employee entitlements to annual leave and bonuses are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Provisions for future operating losses are not recognised.

Contingent liabilities, which include certain guarantees other than financial guarantees, and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the Group's control. Contingent liabilities are not recognised but are disclosed in the notes to the financial statements.

1.16 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Where it is not practical to disclose a sensitivity analysis for estimates and judgements, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year could be different from the assumptions. This could require material adjustment to the carrying amount of the asset or liability affected in future.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results.

The following represents the most material estimates and assumptions applied in preparing these financial statements.

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1.16.1 Expected credit loss of loans and receivables

The Group applied the expected credit loss ('ECL') model on all financial debt instruments that are classified at amortised cost as well as undrawn commitments. Impairments are measured as the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount.

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about the future economic conditions and credit behaviour. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed below which also sets out key sensitivities' of the ECL to changes in these inputs.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL such as:
- determining criteria for significant increases in credit risk;
- choosing appropriate models and assumptions for the measurement of ECL; and
- establishing the number and relative weightings of forward-looking scenarios.

1.16.2 Royalty agreements: future royalty fees

The royalty products that are part of the financing package that the Group provides to its clients have an additional royalty component that is linked to a certain variable. This variable causes uncertainty as to whether the product should be classified under the amortised cost or fair value model.

Management has performed a detailed analysis of all historical royalties received and has determined that the additional royalty component is not material. Further the estimated fair value of the royalty product as a whole equates to amortised cost.

As a result, the royalty product has been classified as a financial asset at amortised cost.

1.16.3 Expected credit loss of rent receivables

The Group applies the IFRS 9 simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payment profiles of the tenants and the historical credit losses experienced within the period. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of clients to settle the receivables.

1.16.4 Valuation of investment properties

The fair value of investment properties is estimated using a discounted cash flow approach, which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields.

The estimated rental stream takes into account the following:
- current occupancy levels;
- estimates of future vacancy levels;
- the terms of in-place leases; and
- expectations of rentals from future leases over the remaining economic life of the buildings.

1.16.5 Principal versus agent considerations

The Group engages service providers to provide services in order to fulfil its duty towards the client. Subsequently, the Group will effect payments to the service providers and recover these costs from the client. In considering whether the Group is acting as a principal or agent, the following factors are relevant:
- the Group enters into a contract with a client before engaging the external service providers;
- the Group is primarily responsible for fulfilling the promise to provide the specified services to the client;
- the Group does not have a duty to obtain approval from the client prior to engaging the external service provider;
- the Group is the counterparty to the service contract, rather than the client;
- the Group has the contractual right to direct how the external service provider provides the services and the Group also has the right to suspend the services; and
- as the Group delivers its services, the client simultaneously receives and consumes the benefits provided by the Group's performance. The Group performs its services over the life of the contract.

Consequently, the above factors indicate that the Group uses service providers as subcontractors and acts as a principal in directing the external service providers who provide services on its behalf.

1.16.6 Income from associates

For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. The Group determines the estimated value at the end of each year. The estimated value is based on historical data.

The estimation is based on the following key parameters:
- an investment should be older than 18 months;
- an investment should be classified as active (client is in good standing); and
- income from the respective associate has not been included for more than 3 years.

A number of significant judgements are required in the calculation such as:
- the expected number of annual financial statements to be received in the subsequent year; and
- the average income attributable to the annual financial statements not yet available.

1.16.7 Income taxes

The Group is subject to direct and indirect taxation in a number of jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities based on objective estimates of the quantum of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax expense in the period in which such determination is made.

1.16.8 Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded at in the Group's results include determining whether there is an obligation as well as assumptions about the probability of the outflow of resources occurring and the estimate of the amount and timing for the settlement of the obligation.

In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the balance sheet date up to the date of the approval of the financial statements.

1.16.9 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Non-financial assets (property and equipment and right of use assets) are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Non-financial assets that had previously been impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

1.17 Share capital and dividend distribution

Ordinary shares are classified as equity. Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's Board of Directors.

Notes to the consolidated and separate financial statements
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2. Financial risk management

The Group's activities exposes it to a variety of financial risks and the following section discusses the Group's risk management policies. The core activities require the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. The Group's aim is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to risk exposure limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by the Group's management. In addition, as a second line of defence, financial risk is monitored by a centralised function with dedicated individuals in the Compliance function and the Risk management function. The Group operated an outsourced internal audit model. For the period under review, Remgro Management Services Ltd fulfilled this function. Internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks are:
- Credit risk
- Market risk (Interest rate risk and foreign currency risk)
- Liquidity risk

2.1 Credit risk

Credit risk, is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk exposures arise principally from investing in small and medium businesses, loans, advances and loan commitments as well as cash and cash equivalents, trade and other receivables and property rental contracts entered into with lessees. Credit risk is the single largest risk for the Group's business.

2.1.1 Credit risk measurement

The credit risk of any potential investment is analysed and assessed in a due diligence process where the entrepreneur is evaluated, the viability of the enterprise is considered and various other risk indicators are determined, verified and benchmarked.

2.1.2 Risk management process

The Group limits and controls concentrations of credit risk where they are identified. The concentration of credit risk in the investment portfolio is reduced by the diversification of the investment portfolio. The clients in the portfolio represent a variety of industry sectors, no single client represents more than 1,8 percent of the total investment portfolio.

The monitoring of the risk profile of the portfolio is performed in compliance with risk management policies through credit management systems and processes. Exception reporting at various levels within the Group provides differentiated and comprehensive indications of changes in credit risk.

Risk mitigation

The Group has four levels of investment committees in place where potential investments are discussed and approved. The committees are made up of managers from the investment and post implementation teams. The approval limits for each committee is determined by a Board approved delegation of authority. The investment committees meet weekly.

The roles and responsibilities of the investment committee are to:
- review the results of the due diligence performed;
- assess each investment based on the below three risk criteria:
  - entrepreneurial risk
  - business risk
  - financial risk; and
- to determine the required return required from each investment.

Risk appetite for each investment is set out in the Group's policy manual which provides guidance on the method to be used for the calculation of the Group's exposure to any one entrepreneur.

Collateral

The Group employs various policies and practices to mitigate credit risk, principally by securing collateral for investments made. The Group implements guidelines on the acceptability and valuation of specific classes of collateral. The principal collateral types for loans and receivables are:
- Mortgage bonds over residential, commercial and industrial property
- Notarial bonds over property and equipment
- Personal sureties and the cession of policies and investments

The Group's policies regarding collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

The Group accepted mortgage bonds, notarial bonds and other types of collateral, at a value of R 3 164,7 million or 97,8 percent of the loan book (2022: R 3 149,8 million or 96,4 percent of the loan book) as collateral for loans and receivables. The Group has the authority to cede or repledge this collateral.

Rental contracts

The credit risk of rent debtors is controlled and monitored on an on-going basis by property management committees, credit control functions as well as exception reporting at various levels in the management structure.

2.2 Credit risk exposure

2.2.1 Maximum exposure to credit risk in financial instruments subject to expected credit loss

The table below represents the maximum credit risk exposure scenario for the Group without considering any collateral or other credit enhancements.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
Interest-bearing loans	**3 016 443**	3 046 874	**3 016 443**	3 046 874
Shareholders' loans	**163 749**	176 423	**163 749**	176 423
Royalty agreements	**157 218**	165 560	**157 218**	165 560
Intercompany loans	**-**	-	**503 006**	501 321
Loan commitments	**361 793**	370 427	**361 793**	370 427
Cash and cash equivalents	**107 231**	123 912	**82 790**	101 330
	3 806 434	3 883 196	**4 284 999**	4 361 935
Trade and other receivables*	**42 069**	32 620	**19 986**	16 193
	3 848 503	3 915 816	**4 304 985**	4 378 128

*This amount excludes prepayments as prepayments are not financial assets.

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2.2.2 Financial instruments subject to expected credit losses

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	2023			
	Stage 1	Stage 2	Stage 3	Total
	R000	R000	R000	R000
GROUP AND COMPANY				
Loans and receivables				
Interest-bearing loans	1 463 282	522 124	1 031 037	3 016 443
Shareholders' loans	132 938	18 701	12 110	163 749
Royalty agreements	59 483	13 528	84 207	157 218
Gross carrying amount	1 655 703	554 353	1 127 354	3 337 410
ECL allowance	(21 820)	(26 815)	(323 011)	(371 646)
Carrying amount	1 633 883	527 538	804 343	2 965 764
Loan commitments	361 793	-	-	361 793
Total	1 995 676	527 538	804 343	3 327 557

	2022			
	Stage 1	Stage 2	Stage 3	Total
	R000	R000	R000	R000
GROUP AND COMPANY				
Loans and receivables				
Interest-bearing loans	1 205 725	665 502	1 175 647	3 046 874
Shareholders' loans	131 413	27 659	17 351	176 423
Royalty agreements	33 469	40 448	91 643	165 560
Gross carrying amount	1 370 607	733 609	1 284 641	3 388 857
ECL allowance	(19 504)	(29 613)	(336 011)	(385 128)
Carrying amount	1 351 103	703 996	948 630	3 003 729
Loan commitments	370 427	-	-	370 427
Total	1 721 530	703 996	948 630	3 374 156

Information on how the ECL is measured and how the three stages above are determined is included in note 1.16.1.

Accounts Receivable

	2023			
	Stage 1	Stage 2	Stage 3	Total
	R000	R000	R000	R000
GROUP				
Accounts receivable*	-	-	42 069	42 069
ECL allowance	-	-	(18 091)	(18 091)
Carrying amount	-	-	23 978	23 978
COMPANY				
Accounts receivable*	-	-	19 986	19 986
ECL allowance	-	-	(5 823)	(5 823)
Carrying amount	-	-	14 163	14 163

	2022			
	Stage 1	Stage 2	Stage 3	Total
	R000	R000	R000	R000
GROUP				
Accounts receivable*	-	-	32 620	32 620
ECL allowance	-	-	(19 920)	(19 920)
Carrying amount	-	-	12 700	12 700
COMPANY				
Accounts receivable*	-	-	16 193	16 193
ECL allowance	-	-	(9 725)	(9 725)
Carrying amount	-	-	6 468	6 468

*These balances exclude prepaid insurance and prepaid expenses as it does not meet the definition of a financial asset.

Other financial assets

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
Intercompany loans	-	-	503 006	501 321
Cash and cash equivalents	107 231	123 912	82 790	101 330
	107 231	123 912	585 796	602 651

No ECL has been provided for on intercompany loans as well as cash and cash equivalents as it is immaterial.

2.2.3 Financial instruments not subject to ECL

The following table contains an analysis of the credit risk exposure of financial instruments which are not subject to the ECL allowance:

	Maximum credit risk exposure	
	2023	2022
	R000	R000
GROUP AND COMPANY		
Cash and cash equivalents held at fair value	20 335	208 542
	20 335	208 542

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The maximum credit risk exposure related to loans and receivables is analysed as follows:

	GROUP AND COMPANY	
	2023	2022
	R000	R000
Industry sector exposure		
Construction	**301 663**	355 791
Financial intermediation	**1 002 664**	971 409
Fishing	**7 471**	8 584
Horticulture, animal farming and forestry	**15 971**	28 503
Leisure	**72 904**	81 203
Manufacturing	**764 047**	776 955
Motor trade	**159 539**	132 565
Personal services	**383 500**	367 819
Quarrying	**17 561**	19 657
Retail	**170 390**	182 169
Transport and communication	**201 750**	166 611
Travel and tourism	**150 349**	197 935
Wholesale	**89 601**	99 656
	3 337 410	3 388 857
Geographical exposure		
Eastern Cape	**205 462**	220 450
Free State	**71 869**	83 308
Gauteng	**1 200 030**	1 277 072
KwaZulu-Natal	**856 428**	677 713
Limpopo	**39 984**	41 246
Mpumalanga	**52 719**	77 020
North West	**63 350**	72 200
Northern Cape	**52 380**	62 966
Western Cape	**795 188**	876 882
	3 337 410	3 388 857
Product type exposure		
Equity Investments	**12 100**	20 170
Term Finance with Shareholding	**5 049**	23 244
Property Finance with Shareholding	**856 015**	840 877
Property Finance with Equity Participation	**327 861**	331 837
Term Finance with a Royalty	**962 688**	1 052 887
Term Finance	**469 103**	488 754
Property Finance with a Royalty	**704 594**	631 088
	3 337 410	3 388 857

2.2.4 Collateral and other credit enhancements

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds advanced. The Group has internal policies on acceptability of specific classes of collateral or credit risk mitigation.

The Group prepares a valuation of the collateral obtained as part of the loan origination process based on valuation methodologies appropriate for the specific type of collateral. When a client has been classified as within legal control, refer to note 1.4.1, the collateral in place over the deal will be revalued internally at the start of the legal control process and then subsequently every six months.

The principal collateral types for loans and advances are:
- Mortgages over commercial and residential properties
- Other assets of the business (i.e. motor vehicles, office furniture, machinery, investments)

The collateral on mortgages over commercial and residential properties are perfected through repossessions via legal processes and either sold to a third party or positioned as investment properties within the Group's portfolio. Other collateral assets of the businesses are sold at auctions. The net proceeds are applied to the indebted balances.

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period. The Group closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Group will take possession of collateral to mitigate potential credit losses.

2.2.5 ECL allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- transfers between Stage 1 and Stages 2 or 3 due to the financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- additional allowances for new financial instruments recognised during the period;
- impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from refreshing inputs to the model;
- discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis; and
- financial assets derecognised during the period and write-offs of allowance related to assets that were written off during the period).

The following table further explains changes in the gross carrying amount:

	Stage 1 12- month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
	R000	R000	R000	R000
GROUP AND COMPANY				
Gross carrying amount as at 01 April 2022	1 370 607	733 609	1 284 641	3 388 857
Existing loans transfers between stages	212 682	(240 334)	27 652	-
• Transfer (to)/from stage 1	-	(196 849)	(15 833)	(212 682)
• Transfer (to)/from stage 2	196 849	-	43 485	240 334
• Transfer (to)/from stage 3	15 833	(43 485)	-	(27 652)
Movement on existing loans	(137 109)	47 168	(93 033)	(182 974)
New loan agreements originated	306 204	35 561	17 740	359 505
Write-offs	(96 681)	(21 651)	(109 646)	(227 978)
Net carrying amount as at 31 March 2023	1 655 703	554 353	1 127 354	3 337 410

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	Stage 1 12- month ECL R000	Stage 2 Lifetime ECL R000	Stage 3 Lifetime ECL R000	Total R000
GROUP AND COMPANY				
Gross carrying amount as at 01 April 2021	1 373 113	579 866	1 348 852	3 301 831
Existing loans transfers between stages	(243 689)	125 196	118 493	-
• Transfer (to)/from stage 1	-	164 543	79 146	243 689
• Transfer (to)/from stage 2	(164 543)	-	39 347	(125 196)
• Transfer (to)/from stage 3	(79 146)	(39 347)	-	(118 493)
Movement on existing loans	13 780	(37 858)	(26 334)	(50 412)
New loan agreements originated	310 250	81 432	27 799	419 481
Write-offs	(82 847)	(15 027)	(184 169)	(282 043)
Net carrying amount as at 31 March 2022	1 370 607	733 609	1 284 641	3 388 857

The following table explains the changes in the loss allowance between the beginning and the end of the reporting period:

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
GROUP AND COMPANY				
Interest bearing loans				
Loss allowance as at 01 April 2022	**18 260**	**26 920**	**300 406**	**345 586**
Existing loan transfers between stages	**20 142**	**4 952**	**(25 094)**	**-**
• Transfer (to)/from stage 1	**-**	**(8 152)**	**(11 990)**	**(20 142)**
• Transfer (to)/from stage 2	**8 152**	**-**	**(13 104)**	**(4 952)**
• Transfer (to)/from stage 3	**11 990**	**13 104**	**-**	**25 094**
Movement on existing loans	**(22 599)**	**(8 059)**	**43 168**	**12 510**
New loan agreements originated	**6 966**	**2 492**	**1 754**	**11 212**
Write-offs	**(1 972)**	**(494)**	**(23 644)**	**(26 110)**
Loss allowance as at 31 March 2023	**20 797**	**25 811**	**296 590**	**343 198**
Loss allowance as at 01 April 2021	19 412	23 074	369 795	412 281
Existing loan transfers between stages	7 201	16 617	(23 818)	-
• Transfer (to)/from stage 1	-	870	(8 071)	(7 201)
• Transfer (to)/from stage 2	(870)	-	(15 747)	(16 617)
• Transfer (to)/from stage 3	8 071	15 747	-	23 818
Movement on existing loans	(14 832)	(15 990)	2 654	(28 168)
New loan agreements originated	7 808	3 546	9 419	20 773
Write-offs	(1 329)	(327)	(57 644)	(59 300)
Loss allowance as at 31 March 2022	18 260	26 920	300 406	345 586

	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000
GROUP AND COMPANY				
Shareholders' loans				
Loss allowance as at 01 April 2022	**541**	**272**	**12 338**	**13 151**
Existing loan transfers between stages	**2 830**	**(152)**	**(2 678)**	**-**
• Transfer (to)/from stage 1	**-**	**(152)**	**(2 678)**	**(2 830)**
• Transfer (to)/from stage 2	**152**	**-**	**-**	**152**
• Transfer (to)/from stage 3	**2 678**	**-**	**-**	**2 678**
Movement on existing loans	**(3 316)**	**(35)**	**1 065**	**(2 286)**
Write-offs	**-**	**-**	**(5 552)**	**(5 552)**
Loss allowance as at 31 March 2023	**55**	**85**	**5 173**	**5 313**
Loss allowance as at 01 April 2021	752	274	11 771	12 797
Existing loan transfers between stages	(167)	(49)	216	-
• Transfer (to)/from stage 1	-	(49)	216	167
• Transfer (to)/from stage 2	49	-	-	49
• Transfer (to)/from stage 3	(216)	-	-	(216)
Movement on existing loans	(41)	47	2 247	2 254
New loan agreements originated	17	-	-	17
Write-offs	(20)	-	(1 896)	(1 920)
Loss allowance as at 31 March 2022	541	272	12 338	13 151
Royalty agreements				
Loss allowance as at 01 April 2022	**703**	**2 421**	**23 267**	**26 391**
Existing loan transfers between stages	**2 915**	**(1 589)**	**(1 326)**	**-**
• Transfer (to)/from stage 1	**-**	**(1 443)**	**(1 472)**	**(2 915)**
• Transfer (to)/from stage 2	**1 443**	**-**	**146**	**1 589**
• Transfer (to)/from stage 3	**1 472**	**(146)**	**-**	**1 326**
Movement on existing loans	**(2 609)**	**68**	**566**	**(1 975)**
New loan agreements originated	**25**	**34**	**38**	**97**
Write-offs	**(66)**	**(15)**	**(1 297)**	**(1 378)**
Loss allowance as at 31 March 2023	**968**	**919**	**21 248**	**23 135**
Total loss allowance	**21 820**	**26 815**	**323 011**	**371 646**
Loss allowance as at 01 April 2021	1 231	1 455	31 440	34 126
Existing loan transfers between stages	883	2 063	(2 946)	-
• Transfer (to)/from stage 1	-	338	(1 221)	(883)
• Transfer (to)/from stage 2	(338)	-	(1 725)	(2 063)
• Transfer (to)/from stage 3	1 221	1 725	-	2 946
Movement on existing loans	(1 324)	(1 104)	458	(1 970)
New loan agreements originated	36	44	46	126
Write-offs	(123)	(37)	(5 731)	(5 888)
Loss allowance as at 31 March 2022	703	2 421	23 267	26 391
Total loss allowance	19 504	29 613	336 011	385 128

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2.2.6 Write-off policy

The Group writes off financial assets when there is no reasonable expectation of recovering the carrying value of the asset (gross amount less expected credit losses). Write-offs are considered by a credit committee. The following events may trigger a write-off:

- No payment of contractual cash flows has been received during the preceding 12 months;
- The client has absconded or cannot be traced;
- The client is sequestrated, liquidated or the entity is in business rescue;
- The business has ceased trading;
- The possible protracted litigation or the availability of court dates and the subsequent impact on arrears and the value of any underlying security may be a cause to transfer the account to bad debt control; or
- The viability of the business is doubtful and or the business is trading under insolvent circumstances.

The above indicators represent instances where the Group has concluded that there is no reasonable expectation of recovery. In the prior year, the Group wrote-off financial assets which were subject to enforcement activities amounting to R59,7 million. There was no contractual amounts of such assets written off during the year ended 31 March 2023.

2.2.7 Modification of financial assets

The Group will in certain instances modify the terms of loans provided to clients due to commercial renegotiations, or for distressed loans, with a view to maximise recovery. Such restructuring activities include extended payment term arrangements and renegotiation of the interest charged. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are under continuous review. The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Group may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for six consecutive months or more. The gross carrying amount of such assets held as at 31 March 2023 was R306 million (2022: R344 million).

The Group continues to monitor if there is a subsequent significant increase in credit risk in relation to financial assets where the terms have been modified. Loans and receivables are classified as renegotiated when a new agreement is concluded. The revised terms are considered for approval after a rigorous risk assessment by a special credit committee. No modification gains or losses have been recognised due to it not being material.

Renegotiated loans and receivables at the end of the year are as follows:

	GROUP AND COMPANY	
	Continue to be impaired	No longer impaired
	R000	R000
As at 31 March 2023		
Normal renegotiated loans	**301 701**	**-**
Stage 1	**71 162**	**-**
Stage 2	**87 456**	**-**
Stage 3	**143 083**	**-**
As at 31 March 2022		
Normal renegotiated loans	58 485	-
Stage 1	4 590	-
Stage 2	20 658	-
Stage 3	33 237	-
COVID-19 related renegotiated loans	130 898	-
Stage 1	9 951	-
Stage 2	43 563	-
Stage 3	77 384	-
	189 383	-

2.3 Credit quality of loans and receivables

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
The credit quality of loans and receivables is as follows:				
Stage 1	**1 655 703**	1 370 608	**1 655 703**	1 370 608
Stage 2	**554 353**	733 609	**554 353**	733 609
Stage 3	**1 127 354**	1 284 640	**1 127 354**	1 284 640
Gross	**3 337 410**	3 388 857	**3 337 410**	3 388 857
Less: ECL allowance in stages	**(371 646)**	(385 128)	**(371 646)**	(385 128)
Stage 1	**(21 820)**	(19 504)	**(21 820)**	(19 504)
Stage 2	**(26 815)**	(29 613)	**(26 815)**	(29 613)
Stage 3	**(323 011)**	(336 011)	**(323 011)**	(336 011)
	2 965 764	3 003 729	**2 965 764**	3 003 729
Fair value of collateral - loans and receivables	**3 164 664**	3 149 786	**3 164 664**	3 149 786

Upon initial recognition of loans and receivables, the fair value of the collateral is determined by applying valuation methodologies appropriate for the specific type of collateral.

The interest on stage 3 loans that has been derecognised against credit losses amounted to R80,3 million (2022: R 41,4 million).

Of all the inputs included in the ECL model the most sensitive input is the haircut on the security value. If the haircut increases by 10 percent, the ECL allowance value will increase from a base of R371,6 million to R417,1 million and if the haircut decreases by 10 percent the ECL allowance will decrease to R327,8 million.

Collateral taken
During the year, no collateral was taken and recognised under assets held for resale (2022: R 0,4 million). There was no derecognised value of these loans for the year (2022: R 0,9 million).

2.3.1 Credit quality of other financial assets

Rent debtors are impaired using the IFRS 9 simplified approach where debtors are impaired based on historical credit losses patterns based on the relevant debtors aging category. The ECL allowance for doubtful rent debtors' amounts to R18,1 million (2022: R19,9 million).

An ECL assessment was conducted on intercompany loans and management concluded that none of the loans were impaired as it is probable that all the related principal and interest payments will be collected.

2.3.2 Market risk

The Group accepts exposure to market risk, which is defined as the risk that the future cash flows from a financial instrument will fluctuate due to changes in the financial market rates. Market risks arise primarily from risks associated with interest rate and exchange-rate fluctuations.

2.3.3 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the majority of the Group's interest-bearing investments are linked to the prime rate, changes in the prime rate will affect the revenue of the Group. The prime rate also affects the return on, and the cost of, treasury funds.

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If the prime rate was 100 basis points higher during the year, the Group's profit before tax would have been R356,1 million (2022: R374,5 million). Alternatively, if the prime rate was 100 basis points lower, the Group's profit before tax would have been R308,4 million (2022: R329,5 million).

If the prime rate was 100 basis points higher during the year, the Company's profit before tax would have been R250,2 million (2022: R244,4 million). Alternatively, if the prime rate was 100 basis points lower, the Company's profit before tax would have been R202,5 million (2022: R199,1 million).

The table below presents all assets and liabilities that are subject to an interest rate risk.

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
Assets				
Loans and receivables	2 965 764	3 003 729	2 965 764	3 003 729
Cash and cash equivalent	127 567	332 455	103 125	309 873
	3 093 331	3 336 184	3 068 889	3 313 602
Liabilities				
Borrowings	1 101 911	1 463 703	1 079 136	1 414 744

Risk management process

The sensitivity to interest rate changes is decreased by non-interest revenue instruments in the investment portfolio such as dividends and royalty fees. The exposure to interest rate changes for the Group is reduced by investment in property assets as well as the effect of prime-linked borrowings.

2.3.4 Foreign exchange risk

Foreign currency exposure arises from net investments in Group entities whose functional currency differs from the parent's functional currency. The Group's exposure to foreign currency risk relates to the investments in the BPI Africa and Business Partners International Southern Africa Fund LLC ('SAF').

The risk is defined as the risk of fluctuation in spot exchange rates between the functional currency of the net investments and the parent's functional currency. This will cause the amount of the net investment to vary.

The Group has a low foreign risk appetite, the Group is exposed to foreign denominated investments. Foreign exchange risk is actively managed.

The Group's exposure to currency risk and the currency risk sensitivity analysis are detailed in note 9.3.

2.3.5 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet the obligations of disbursing investments, settling financial liabilities and commitments and paying day-to-day expenses when required.

Risk management process

Monitoring and reporting takes the form of cash flow measurements and projections for all key periods. Such cash flow projections take into consideration the Group's debt obligations and covenant compliance as well as regulatory and legal requirements. The material cash outflows consist of advances, capital expenditure projects, salaries, dividend payments, debt repayments and income tax payments.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. Financial liabilities have not been discounted as the amounts below represent the actual contractual cash flows that will flow out of the business.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	R000	R000	R000	R000	R000
GROUP					
31 March 2023					
Borrowings	453 147	425 888	541 378	53 524	1 473 937
Accounts payable	108 294	-	-	-	108 294
Provisions	60 445	-	-	-	60 445
Shareholders' for dividend	1 951	-	-	-	1 951
Lease liabilities	1 609	2 877	3 232	-	7 718
	625 446	428 765	544 610	53 524	1 652 345
31 March 2022					
Borrowings	555 109	263 736	679 974	75 307	1 574 126
Accounts payable	95 321	-	-	-	95 321
Provisions	54 157	-	-	-	54 157
Shareholders' for dividend	1 173	-	-	-	1 173
Lease liabilities	7 741	2 988	-	-	10 729
	713 501	266 724	679 974	75 307	1 735 506
COMPANY					
31 March 2023					
Borrowings	453 147	425 888	541 378	30 749	1 451 162
Accounts payable	66 445	-	-	-	66 445
Provisions	59 203	-	-	-	59 203
Shareholders' for dividend	1 951	-	-	-	1 951
Lease liabilities	16 912	21 525	3 232	-	41 669
	597 658	447 413	544 610	30 749	1 620 430
31 March 2022					
Borrowings	555 109	263 736	679 974	53 348	1 552 167
Accounts payable	44 182	-	-	-	44 182
Provisions	52 764	-	-	-	52 764
Shareholders' for dividend	1 173	-	-	-	1 173
Lease liabilities	7 741	2 988	-	-	10 729
	660 969	266 724	679 974	53 348	1 661 015

2.4 Fair value of assets and liabilities

The carrying amount of financial assets and liabilities is fair and where required, adequate provision was made for any potential impairments to the carrying value. The fair values have been determined using available information and are indicative of the amounts the Group should realise in the normal course of business. Fair values are determined as follows:

(a) Loans and receivables
The fair value of the investment is initially calculated with reference to market related interest rates. Risk-based investments in SMEs are priced relative to market rates and the rates of return on these investments are used to determine the fair value of the future cash flows resulting from the investment.

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2.4.1 Financial assets and liabilities not held at fair value

The table below summarises the carrying amounts which approximate to fair value for those financial assets and liabilities not held at fair value:

	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total balance
	R000	R000	R000	R000	R000	R000
GROUP						
31 March 2023						
Financial assets						
Loans and receivables	2 965 764	2 965 764	-	-	2 965 764	2 965 764
Accounts receivable*	42 069	42 069	-	-	42 069	42 069
Cash and cash equivalents	107 232	107 232	107 232	-	-	107 232
	3 115 065	3 115 065	107 232	-	3 007 833	3 115 065
Financial liabilities						
Borrowings	1 101 911	1 101 911	-	1 101 911	-	1 101 911
Accounts payable**	90 221	90 221	-	-	90 221	90 221
	1 192 132	1 192 132	-	1 101 911	90 221	1 192 132
31 March 2022						
Financial assets						
Loans and receivables	3 003 729	3 003 729	-	-	3 003 729	3 003 729
Accounts receivable*	32 620	32 620	-	-	32 620	32 620
Cash and cash equivalents	123 913	123 913	123 913	-	-	123 913
	3 160 262	3 160 262	123 913	-	3 036 349	3 160 262
Financial liabilities						
Borrowings	1 436 703	1 436 703	-	1 436 703	-	1 436 703
Accounts payable**	81 172	81 172	-	-	81 172	81 172
	1 517 875	1 517 875	-	1 436 703	81 172	1 517 875
COMPANY						
31 March 2023						
Financial assets						
Loans and receivables	2 965 764	2 965 764	-	-	2 965 764	2 965 764
Accounts receivable*	19 986	19 986	-	-	19 986	19 986
Cash and cash equivalents	82 790	82 790	82 790	-	-	82 790
	3 068 540	3 068 540	82 790	-	2 985 750	3 068 540
Financial liabilities						
Borrowings	1 079 136	1 079 136	-	1 079 136	-	1 079 136
Accounts payable**	52 297	52 297	-	-	52 297	52 297
	1 131 433	1 131 433	-	1 079 136	52 297	1 131 433

	Carrying Value	Fair Value	Level 1	Level 2	Level 3	Total balance
	R000	R000	R000	R000	R000	R000
31 March 2022						
Financial assets						
Loans and receivables	3 003 729	3 003 729	-	-	3 003 729	3 003 729
Accounts receivable*	16 193	16 193	-	-	16 193	16 193
Cash and cash equivalents	101 331	101 331	101 331	-	-	101 331
	3 121 253	3 121 253	101 331	-	3 019 922	3 121 253
Financial liabilities						
Borrowings	1 414 744	1 414 744	-	1 414 744	-	1 414 744
Accounts payable**	34 328	34 328	-	-	34 328	34 328
	1 449 072	1 449 072	-	1 414 744	34 328	1 449 072

*The accounts receivables balance excludes the prepaid expenses as these are not financial instruments as defined

**Trade and other payables excludes VAT and prepaid income as they do not meet the definition of financial liabilities

Valuation methodology – non-fair value items

The fair value is the price that would be received when an asset is sold or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying values of certain financial assets and financial liabilities have been determined using measurement bases other than fair value. The valuation methodology described below has been applied in order to determine the disclosed fair values for such financial assets and financial liabilities that are not carried at fair value.

Financial assets and liabilities

Financial assets and financial liabilities are measured at fair value by level of fair-value hierarchy as required by IFRS 13: Fair Value Measurement. The levels of the hierarchy are defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2: Valuation techniques using market data that is either directly or indirectly observable. Various factors influence the availability of observable data and these may vary from product to product and change over time. Factors include, for example, the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the market, the maturity of market modelling and the nature of the transaction (bespoke or generic).
- Level 3: Valuation techniques that include significant inputs that are unobservable. To the extent that a valuation is based on inputs that are not market-observable the determination of the fair value can be more subjective and dependent on the significance of the unobservable inputs to the overall valuation. Unobservable inputs are determined based on the best information available and may include reference to similar instruments, similar maturities, appropriate proxies or other analytical techniques.

The carrying value of financial assets and liabilities held at amortised cost is determined in accordance with the accounting policy. In all cases, the disclosed fair value approximates the carrying value.

Measurement of financial assets and liabilities at Level 2

The table below sets out information about the valuation techniques used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 2. A description of the nature of the techniques used to calculate valuations based on observable inputs, is set out in the table below:

Category of asset/liability	Valuation techniques applied	Significant observable inputs
Accounts receivable	Discounted cash flow model	Discount rate
Borrowings	Discounted cash flow model	Discount rate

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Measurement of financial assets and liabilities at Level 3

The table below sets out information about significant unobservable inputs used at the end of the reporting period in measuring financial assets and liabilities not held at fair value categorised as Level 3.

Category of asset/liability	Valuation techniques applied	Significant unobservable inputs
Loans and receivables	Discounted cash flow model	Discount rate, historical loss experience, emergence period

2.4.2 Assets and liabilities held at fair value

The table below presents the Group's assets that are measured at fair value:

	Level 1 R000	Level 2 R000	Level 3 R000	Total R000
GROUP				
31 March 2023				
Investment properties	–	–	1 838 354	1 838 354
Listed securities	380	–	–	380
Unlisted shares	–	–	104 475	104 475
Investment accounts at fair value	20 335	–	–	20 335
	20 715	–	1 942 829	1 963 544
31 March 2022				
Investment properties	–	–	1 737 538	1 737 538
Listed securities	449	–	–	449
Unlisted shares	–	–	61 019	61 019
Investment accounts at fair value	208 542	–	–	208 542
	208 991	–	1 798 557	2 007 548
COMPANY				
31 March 2023				
Investment properties	–	–	929 921	929 921
Listed securities	380	–	–	380
Unlisted shares	–	–	104 471	104 471
Investment accounts at fair value	20 335	–	–	20 335
	20 715	–	1 034 392	1 055 107
31 March 2022				
Investment properties	–	–	907 663	907 663
Listed securities	449	–	–	449
Unlisted shares	–	–	61 015	61 015
Investment accounts at fair value	208 542	–	–	208 542
	208 991	–	968 678	1 177 669

Measurement of assets at Level 3

The fair value of level 3 assets is determined using valuation techniques which incorporate assumptions based on unobservable inputs and are subject to management judgement. Although the Group believes that its estimates of fair values are appropriate, changing one or more of these assumptions to reasonably possible alternative values could impact the fair value of the assets.

The sensitivity analysis applied to the unobservable inputs in the fair value model of the Investment properties is set out in note 10.

A reconciliation of the opening balances to closing balances for all movements on Investment properties is set out in note 10. There have been no transfers between fair value hierarchy levels for investment properties. The sensitivity analysis applied to the unobservable inputs in the fair value model of unlisted shares is set out in note 9.3. A reconciliation of the opening balances to closing balances for all movements on investments at fair value through other comprehensive income is set out in note 6.1.

2.5 Financial instruments by category

	Mandatory fair value R000	Amortised Cost R000	Total R000
GROUP			
31 March 2023			
Assets per statement of financial position			
Investments at fair value through other comprehensive income	104 855	–	104 855
Loans and receivables	–	2 965 764	2 965 764
Accounts receivable*	–	42 069	42 069
Bank balances at amortised cost	–	107 232	107 232
Investment accounts at fair value through profit and loss	20 335	–	20 335
	125 190	3 115 065	3 240 255
Liabilities per statement of financial position			
Borrowings	–	1 101 911	1 101 911
Accounts payable**	–	90 221	90 221
	–	1 192 132	1 192 132
31 March 2022			
Assets per statement of financial position			
Investments at fair value through other comprehensive income	61 468	–	61 468
Loans and receivables	–	3 003 729	3 003 729
Accounts receivable*	–	32 620	32 620
Bank balances at amortised cost	–	123 913	123 913
Investment accounts at fair value through profit and loss	208 542	–	208 542
	270 010	3 160 262	3 430 272
Liabilities per statement of financial position			
Borrowings	–	1 436 703	1 436 703
Accounts payable**	–	81 172	81 172
	–	1 517 875	1 517 875

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	Mandatory fair value R000	Amortised Cost R000	Total R000
COMPANY			
31 March 2023			
Assets per statement of financial position			
Investments at fair value through other comprehensive income	104 851	-	104 851
Loans and receivables	-	2 965 764	2 965 764
Accounts receivable*	-	19 986	19 986
Bank balances at amortised cost	-	82 790	82 790
Investment accounts at fair value through profit and loss	20 335	-	20 335
	125 186	3 068 540	3 193 726
Liabilities per statement of financial position			
Borrowings	-	1 079 136	1 079 136
Accounts payable**	-	52 297	52 297
	-	1 131 433	1 131 433
31 March 2022			
Assets per statement of financial position			
Investments at fair value through other comprehensive income	61 464	-	61 464
Loans and receivables	-	3 003 729	3 003 729
Accounts receivable*	-	16 193	16 193
Bank balances at amortised cost	-	101 331	101 331
Investment accounts at fair value through profit and loss	208 542	-	208 542
	270 006	3 121 253	3 391 259
Liabilities per statement of financial position			
Borrowings	-	1 414 744	1 414 744
Accounts payable**	-	34 328	34 328
	-	1 449 072	1 449 072

* The accounts receivable amount excludes pre-paid expenses as these are not financial instruments, as defined.
**Trade and other payables excludes VAT and prepaid income as they do not meet the definition of financial liabilities

2.6 Capital management

The Group's objectives in managing its capital are:
- To safeguard and optimise the Group's ongoing strong liquidity position;
- To protect the going concern status in order to continue providing returns to shareholders and benefits for other stakeholders; and
- To maintain an optimal capital structure to reduce the cost of capital with which to support the development and growth of the business.

Capital adequacy and the use of capital are monitored by the Group's management. The Group monitors capital using a debt equity ratio within the limits stipulated in the Memorandum of incorporation ('MOI'). The maximum borrowing levels in terms of the MOI are calculated by multiplying equity (as defined by the MOI) by a factor of 1.4.

	GROUP		COMPANY	
	2023 R000	2022 R000	2023 R000	2022 R000
Capital for the reporting period under review is summarised as follows:				
Share capital	173 001	173 001	173 001	173 001
Fair value and other reserves	10 311	84 187	2 568	79 513
Retained earnings	3 899 904	3 608 566	3 299 926	3 082 871
Total capital	4 083 216	3 865 754	3 475 495	3 335 385
Gross borrowings	1 101 911	1 436 703	1 079 136	1 414 744
Cash and cash equivalents	(127 567)	(332 455)	(103 125)	(309 873)
Net borrowings level	974 344	1 104 248	976 011	1 104 871
Overall financing level (Total equity plus borrowings)	5 057 560	4 970 002	4 451 506	4 440 256
Capital-to-overall financing ratio	81%	78%	78%	75%

3. Cash and cash equivalents

Bank current and call accounts	68 051	253 413	66 478	259 934
Funds held in trust on behalf of third parties	59 516	79 042	36 647	49 939
	127 567	332 455	103 125	309 873

Cash and cash equivalents are held by two financial institutions namely Standard Bank with a credit rating of BB- and Nedbank with a credit rating of BB. The cash and cash equivalents disclosed above and in the statement of cash flows includes funds held in trust of R 59,5 million (2022: R79,0 million). These funds are held with Nedbank and Standard Bank. These funds are specifically available for their intended use.

4. Accounts receivable

Rent debtors	17 117	9 833	10 844	6 039
Gross rent debtors	35 208	29 753	16 667	15 765
Less: Allowance for expected credit losses	(18 091)	(19 920)	(5 823)	(9 726)
Trade receivables	19 046	17 007	4 809	4 809
Insurance pre-paid and claims receivable	2 232	1 187	1 537	878
Sundry deposits	5 782	5 727	3 495	3 401
Pre-paid expenses	7 599	10 486	7 599	10 414
Other	124	53	838	1 944
	51 900	44 293	29 122	27 485

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	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
5. Loans and receivables				
Gross loans and receivables	**3 353 917**	3 405 325	**3 353 917**	3 405 325
Less: effective interest rate (EIR) adjustment	**(16 507)**	(16 468)	**(16 507)**	(16 468)
Gross loans and receivables net of EIR adjustment	**3 337 410**	3 388 857	**3 337 410**	3 388 857
Less: Allowance for expected credit losses	**(371 646)**	(385 128)	**(371 646)**	(385 128)
• Stage 1	**(21 820)**	(19 504)	**(21 820)**	(19 504)
• Stage 2	**(26 815)**	(29 613)	**(26 815)**	(29 613)
• Stage 3	**(323 011)**	(336 011)	**(323 011)**	(336 011)
Carrying value of loans and receivables	**2 965 764**	3 003 729	**2 965 764**	3 003 729
Long-term portion	**2 444 162**	2 479 535	**2 444 162**	2 479 535
Short-term portion	**521 602**	524 194	**521 602**	524 194
	2 965 764	3 003 729	**2 965 764**	3 003 729

5.1 Loans and receivables by loan type

5.1.1 Interest-bearing loans

These loans are secured and are priced at market rates representative of the risk of the investment and the quality and extent of the collateral pledged. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity that vary between 2,00 and 21,25 percent (2022: 4,75 and 21,75 percent) per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Gross interest-bearing loans	**3 016 443**	3 046 874	**3 016 443**	3 046 874
Less: allowance for expected credit losses	**(343 198)**	(345 586)	**(343 198)**	(345 586)
• Stage 1	**(20 797)**	(18 260)	**(20 797)**	(18 260)
• Stage 2	**(25 811)**	(26 920)	**(25 811)**	(26 920)
• Stage 3	**(296 590)**	(300 406)	**(296 590)**	(300 406)
	2 673 245	2 701 288	**2 673 245**	2 701 288

5.1.2 Shareholders' loans

These loans are unsecured, and are priced at interest rates between zero and 18,25 percent (2022: zero and 5,00 percent) per annum. The loans are initially recorded at fair value and thereafter measured at amortised cost, at level yields to maturity equal to the prime rate at the date of approval of the loan. Fair value at initial recognition is determined with reference to the prime rate. Should the repayment terms of the loan be indeterminable the loan is recognised at cost. The amortised cost of the shareholders' loans approximates fair value.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
Gross shareholders' loans	**163 749**	176 423	**163 749**	176 423
Less: allowance for expected credit losses	**(5 313)**	(13 151)	**(5 313)**	(13 151)
• Stage 1	**(55)**	(541)	**(55)**	(541)
• Stage 2	**(85)**	(272)	**(85)**	(272)
• Stage 3	**(5 173)**	(12 338)	**(5 173)**	(12 338)
	158 436	163 272	**158 436**	163 272

5.1.3 Royalty agreements

The cash flows expected from royalty agreements are determined by adjusting the contracted royalty payments with a risk factor. The expected future royalty payments are initially measured at fair value and then measured at amortised cost by applying a discount rate equal to the expected return from the investment linked to the royalty agreement. The rates vary between 13,32 and 24,33 percent (2022: 1,00 and 25,34 percent). The amortised cost of royalty agreements approximates fair value.

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Royalty agreements	**157 218**	165 560	**157 218**	165 560
Less: allowance for expected credit losses	**(23 135)**	(26 391)	**(23 135)**	(26 391)
• Stage 1	**(968)**	(703)	**(968)**	(703)
• Stage 2	**(919)**	(2 421)	**(919)**	(2 421)
• Stage 3	**(21 248)**	(23 267)	**(21 248)**	(23 267)
	134 083	139 169	**134 083**	139 169
Gross loans and receivables	**3 337 410**	3 388 857	**3 337 410**	3 388 857
Less: allowance for expected credit losses	**(371 646)**	(385 128)	**(371 646)**	(385 128)
Total for loans and receivables	**2 965 764**	3 003 729	**2 965 764**	3 003 729

The Group accepted mortgage bonds, notarial bonds and other types of collateral, at a value of R3 164,7 million (2022: R3 149,8 million) as collateral for interest-bearing loans and royalty agreements. The Group has the authority to cede or repledge this collateral.

At the reporting date, although the Group has not sold or repledged any of the collateral held, the Group has ceded contingent rights to its loans and receivables as collateral for a loan facility in the amount of R1 billion (refer note 19.1 for detail on Borrowings).

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6. Other investments

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
Fair value through other comprehensive income financial assets	104 855	61 468	104 851	61 464
Carrying value of other investments	104 855	61 468	104 851	61 464

6.1 The movement in fair value through other comprehensive income financial assets is as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Fair value – beginning of year	61 468	66 960	61 464	66 956
Disposals	-	(2 366)	-	(2 366)
Investment increase	18 812	-	18 812	-
Fair value movement in OCI	24 575	(3 126)	24 575	(3 126)
Fair value – end of year	104 855	61 468	104 851	61 464
Fair value through OCI financial assets include the following:				
Listed securities	380	449	380	449
Unlisted securities	104 475	61 019	104 471	61 015
	104 855	61 468	104 851	61 464

The above investments at fair value through other comprehensive income comprise listed and unlisted shares. The fair value of listed shares is determined with reference to quoted prices on the relevant securities exchange. The fair value of unlisted shares is determined with reference to recognised valuation techniques performed by the suitably qualified personnel. The directors approve the valuation techniques.

7. Assets held for resale

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Balance - at the beginning of the year	31 732	46 770	31 732	31 698
Additions	-	389	-	395
Disposals	(2 653)	(15 427)	(2 653)	(361)
Revaluation	(700)	-	(700)	-
Balance - end of year	28 379	31 732	28 379	31 732

Assets comprise mainly of collateral that was perfected and resulted in these properties being acquired on auction in order to recover the indebtedness of clients. These repossessed assets are reflected at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

8. Investments in associates

The latest financial statements are used to account for the share of associated companies' earnings. For those associates for which audited financial statements are not available, an estimation is made of the associated company's earnings. For the current year, the impact is estimated to amount to a profit of R1,9 million before tax (2022:R 472 816). A register containing details of all listed, unlisted and other investments is available at the registered office.

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
Unlisted shares at cost	1 460	1 459	1 460	1 459
Share of retained earnings	91 594	91 372	-	-
Total for unlisted associates	93 054	92 831	1 460	1 459

The movement in investments in associates is as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Balance – beginning of year	92 831	91 708	1 459	1 458
Share of results before tax (refer note 21)	21 767	15 504	-	-
Share of tax	(2 885)	(4 527)	-	-
Other movements (net of acquisitions and disposals)	(18 659)	(9 854)	1	1
Balance – end of year	93 054	92 831	1 460	1 459

The Group has investments in 345 associates (2022: 342), a list of which is available at the Company's registered office for inspection. The detail of the Groups' investment in associates, principally their assets, liabilities, revenues, profits or losses and the percentage held, is not disclosed as these investments are not individually material to the results of the Group.

All balances included in investments in associates are from continued operations and do not have discontinued operations.

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9. Investments in subsidiaries and loans to/(from) subsidiaries

	COMPANY	
	2023	2022
	R000	R000
9.1 Investments in subsidiaries		
Unlisted shares at cost	**12**	12
	12	12
9.2 Loans to/(from) subsidiaries		
Loans to subsidiaries		
Interest free loans	**426 713**	424 554
Interest-bearing loans	**76 293**	76 767
	503 006	501 321
Loans from subsidiaries		
Interest free loans	**(64 187)**	(73 092)
	438 819	428 229

Interest bearing loans comprise a loan made available to Business Partners Properties 002 (Pty) Ltd to purchase a property. The loan has a tenure of 10 years and interest is charged at prime less one percent, which is a market related rate.

The Company's interest in the aggregate net profits and losses of subsidiaries are:

Profits	**68 591**	85 453
Losses	**(3 729)**	(3 660)

Further details are disclosed in note 32 and 34.

9.3 Unconsolidated structured entities

The Group holds a 6,67 percent (2022: 6,67 percent) interest held by Business Partners Limited ('the Company') in Business Partners International Southern Africa Fund LLC ('SAF') and a 16,8 percent (2022: 16,8 percent) interest held by the Company in BPI Africa LLC ('BPI Africa'), (formerly know as Business Partners International East Africa LLC). These entities are not consolidated.

SAF and BPI Africa are USD 30 million and USD 35,7 million funds respectively incorporated in Mauritius and have the objective of investing capital, knowledge and skills in viable SMEs in Southern Africa (Malawi, Namibia and Zambia) and in East Africa (Kenya, Rwanda, Uganda, Malawi and Namibia) respectively. These funds are financed by issuing shares to investors. SAF and BPI Africa are managed by Business Partners International (Pty) Limited ('BPI'), a subsidiary of Business Partners Limited. BPI earns a fee based on 2% of the fee commitment on BPI Africa. The total fee income for the year is R12,7 million (2022: R13,6 million).

A fair value loss after tax of R2,0 million (2022: R1,1 million gain) is included in the 'Fair value adjustment on financial assets held at fair value through other comprehensive income' in the statement of comprehensive income being the change in fair value of the Company's interest in SAF and BPI Africa.

A foreign exchange gain after tax of R21,3 million (2022: R3,6 million loss) is included in the 'Foreign currency translation reserve movement' in the statement of comprehensive income being the foreign exchange movement of the Company's interest in SAF and BPI Africa.

The Group has committed to invest USD 2,0 million during the investment period of the SAF. The investment by the Group in SAF as at 31 March 2023 is USD 1,1 million (2022: USD 1,1 million).

SAF is an investment fund with a 5 year investment period and 3 year disinvestment period, which ended on 31 March 2022. As a result of the disinvestment phase ending on 31 March 2022 , management will continue to collect all loans that are deemed to be recoverable until 30 September 2023, after which the liquidation process is expected to begin. Refer to note 6.1 for the movement analysis of the carrying amount. Maximum exposure to loss from interests in unconsolidated structured entities are listed in the table below:

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
SAF	**14 323**	14 323	**14 323**	14 323
BPI Africa	**87 101**	68 289	**87 101**	68 289
	101 424	82 612	**101 424**	82 612

The table below reflects the sensitivity of the carrying amount of the unlisted shares as a result of changes in foreign exchange rates or the underlying net asset value of the funds.

		Effect on the carrying amount (R000)			
		SAF		BPI Africa	
		2023	2022	**2023**	2022
Movement in foreign exchange rate by 1 USD\ZAR	Increase	**483**	503	**5 307**	4 282
	Decrease	**(483)**	(503)	**(5 307)**	(4 282)
Movement in net asset value by 10%	Increase	**760**	678	**7 718**	6 764
	Decrease	**(760)**	(678)	**(7 718)**	(6 764)

10. Investment properties

	Industrial Sector R000	Retail Sector R000	Office Sector R000	Other R000	Total R000
GROUP					
31 March 2023					
Fair value – beginning of year	**1 276 946**	**439 961**	**20 581**	**50**	**1 737 538**
First time consolidated investment properties	**58 485**	**-**	**-**	**-**	**58 485**
Transfer to property and equipment (refer note 11.2)	**-**	**-**	**(3 550)**	**-**	**(3 550)**
Improvements	**5 070**	**438**	**604**	**-**	**6 112**
Disposals	**(21 983)**	**-**	**(466)**	**(50)**	**(22 499)**
Fair value adjustment	**37 029**	**24 376**	**863**	**-**	**62 268**
Fair value – end of year	**1 355 547**	**464 775**	**18 032**	**-**	**1 838 354**
31 March 2022					
Fair value – beginning of year	1 221 370	424 280	19 770	50	1 665 470
Acquisitions	39 129	-	3 556	-	42 685
Improvements	2 487	55	-	-	2 542
Disposals	(7 249)	-	-	-	(7 249)
Fair value adjustment	21 209	15 626	(2 745)	-	34 090
Fair value – end of year	1 276 946	439 961	20 581	50	1 737 538

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	Industrial Sector R000	Retail Sector R000	Office Sector R000	Other R000	Total R000
COMPANY					
31 March 2023					
Fair value – beginning of year	679 761	210 825	17 026	51	907 663
Improvements	2 469	41	610	-	3 120
Disposals	(21 983)	-	(466)	(51)	(22 500)
Fair value adjustment	33 925	6 850	863	-	41 638
Fair value – end of year	694 172	217 716	18 033	-	929 921
31 March 2022					
Fair value – beginning of year	668 993	211 490	19 770	51	900 304
Improvements	1 726	-	-	-	1 726
Disposals	(4 030)	-	-	-	(4 030)
Fair value adjustment	13 072	(665)	(2 744)	-	9 663
Fair value – end of year	679 761	210 825	17 026	51	907 663

All investment properties generated rental income during the financial year. The Group has not classified nor accounted for properties subject to an operating lease as investment property. As at 31 March 2023, the Group was committed to investing in properties to the value of R7,1 million (2022: R7,1 million).

10.1 Basis for Valuation

The valuation of the investment properties was performed internally by suitably qualified personnel using the discounted cash flow method. The discounted cash flow methodology calculates the net present value (fair value) of expected future income. The net cashflow of an asset for a period of 5-10 years is determined and is then discounted by the appropriate discount rate. The discount rates are calculated by applying the appropriate capitalisation rate as sourced from Rode's Report. The discount rate is determined with reference to the capitalisation rate and adjusted for specific property risk factors. These rates are approved by the valuation panel. Income assumptions take into account current rentals, market rentals and operating recoveries which are used to determine the gross rentals cashflows. Vacancy factors, capex assumptions and property expenses informed by actual and historical trends are then applied to determine the net operating cashflows for each period in the valuation model. The valuation parameters are reviewed and approved by the valuation panel.

On an annual basis, in consultation with members of the audit committee, a number of properties are selected to be valued by external valuators in order to assess if the external values are inline with the valuations of the internal Valuation panel. The properties are selected on a rotational basis to avoid repeated valuations. The professional valuers, namely Quadrant Properties (Pty) Ltd, are registered valuers in terms of the Property Valuers Professional Act, No. 47 of 2000 and are RICS Registered Valuers. The valuers, Peter Parfitt and Natalie Azeredo, are qualified valuers with over 20 years of experience valuing properties

The impact of the fair value adjustment on investment properties results in an increase of R62,3 million (2022: increase of R34,1 million) in the value of the property portfolio.

Significant unobservable inputs

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining the fair value for the Group's property portfolio were as follows:

	Significant unobservable inputs		
	Industrial Sector	Retail Sector	Office Sector
31 March 2023 Total property portfolio			
Discount rate	15,83%	14,78%	16,40%
Average capitalisation note	11,32%	10,28%	11,90%
Vacancies	3,52%	3,89%	6,64%
31 March 2022 Total property portfolio			
Discount rate	15,49%	14,85%	15,19%
Average capitalisation note	10,98%	10,35%	10,69%
Vacancies	3,46%	3,94%	4,14%

Other key assumptions:

Rental escalations
Rode market rental escalation rates were assessed in order to determine an acceptable escalation rate per type of property in the portfolio. Based on the Rode 2022:4 report, the following escalation rates were applied per industry classification:
i) industrial sector escalations: Year 1 at 5% , Year 2 - 4 at 5.5% and year 6-11 at 6%.
ii) office sector escalations: Year 1 at 5% ,Year 2 - 4 at 5.5% and year 6-11 at 6% and
iii) retail sector escalations: Year 1 at 5% ,Year 2 - 4 at 5.5% and year 6-11 at 6%;

Discount rate
The MSCI discount rates was used as a basis for the DCF calculation with an additional risk factor adjustment applied to the discount rates due to the age of buildings maintained in the portfolio:
- An additional risk factor of 2,5% applied to buildings erected post 31 March 2006
- An additional risk factor of 1,5% applied to buildings erected prior to 31 March 2006.

Inflation rate
Property expenses were escalated using an inflation rate of 6% whilst municipal expenses were escalated at 7%.

Understanding the unobservable input

Discount rate
The discount rate is the annual return that a prudent, rational investor requires in order to invest in the property in a competitive market.

Vacancy rate
The vacancy rate refers to vacancies caused by difficulties in placing tenants in properties as a result of tenant movements and the rental market relationship between supply and demand for rental space. In the current year, vacancy rates were largely impacted by tough economic conditions

Rental growth
The rental growth factor refers to the anticipated growth in market rentals over the observed period of 10 years. Different growth rates were applied to different sectors.

Expense growth
The anticipated growth of investment property operating costs over the observable period of 10 years.

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Sensitivity analysis
The capitalisation and discount rates are the most sensitive inputs in the discounted cash flow model. The impact on the Group financial position that would arise from changes in the capitalisation and discount rates are set out below. This illustrates the impact in respect of both owned properties and its share of those properties held in property equity partner transactions.

	GROUP R000	COMPANY R000
Fair value at 31 March 2023	1 838 354	929 921
Impact of changes in inputs on fair value of investment properties:		
Increase in capitalisation / discount rates by 50bps	1 766 645	890 970
Increase in capitalisation / discount rates by 100bps	1 701 155	855 258
Decrease in capitalisation / discount rates by 50bps	1 917 218	972 567
Decrease in capitalisation / discount rates by 100bps	2 004 372	1 019 469

Geographical footprint

A register of the property portfolio is available for inspection at the Company's registered office. The geographical split of the property portfolio is set out below.

	GROUP		COMPANY	
	2023 R000	2022 R000	2023 R000	2022 R000
Province				
Eastern Cape	221 778	208 110	66 124	61 832
Free State	20 689	20 317	3 572	3 199
Gauteng	701 874	670 377	181 635	178 530
KwaZulu-Natal	374 448	367 103	339 871	327 924
Limpopo Province	48 538	46 502	48 538	46 502
Mpumalanga	53 003	51 278	53 003	51 278
North West	36 663	47 598	36 663	47 598
Northern Cape	6 511	5 846	6 511	5 846
Western Cape	374 850	320 407	194 004	184 954
	1 838 354	1 737 538	929 921	907 663

High-level portfolio summary 31 March 2023

	Industrial Portfolio	Retail Portfolio	Office Portfolio	Total
GROUP				
Number of properties	89	17	3	109
GLA m²	304 184	39 514	4 782	348 480
Vacancy m²	35 249	5 860	498	41 607
Vacancy %	11,6%	14,8%	10,4%	11,9%
Value R000	1 355 547	464 775	18 032	1 838 354
Value R000/ m²	4,5	11,8	3,8	5,3
COMPANY				
Number of properties	67	9	3	79
GLA m²	195 858	15 493	4 782	216 133
Vacancy m²	27 092	2 242	498	29 832
Vacancy %	13,8%	14,5%	10,4%	13,8%
Value R000	694 172	217 716	18 033	929 921
Value R000/ m²	3,5	14,1	3,8	4,3

High-level portfolio summary 31 March 2022

	Industrial Portfolio	Retail Portfolio	Office Portfolio	Other Portfolio	Total
GROUP					
Number of properties	96	17	5	1	119
GLA m²	303 726	39 497	5 524	140	348 887
Vacancy m²	21 699	2 919	834	0	25 452
Vacancy %	7,1%	7,4%	15,1%	0%	7,3%
Value R000	1 276 946	439 961	20 581	50	1 737 538
Value R000/ m²	4,2	11,1	3,7	0,4	5,0
COMPANY					
Number of properties	75	9	4	1	89
GLA m²	195 608	15 418	5 377	140	216 543
Vacancy m²	14 206	2 497	834	-	17 537
Vacancy %	7,3%	16,2%	15,5%	0%	8,1%
Value R000	679 762	210 826	17 025	50	907 663
Value R000/ m²	3,5	13,7	3,2	0,4	4,2

Investment property items included in the statement of comprehensive income

The following items, regarding the investment properties, are included in the profit and loss component of the statement of comprehensive income:

	GROUP		COMPANY	
	2023 R000	2022 R000	2023 R000	2022 R000
• Rental income	(223 202)	(208 676)	(117 342)	(117 423)
• Recoveries	(119 919)	(111 944)	(69 357)	(65 747)
• Repairs and maintenance expenses	25 284	17 170	14 002	9 147
• Other operating expenses	151 494	146 433	89 319	79 538

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11. Property, equipment and right-of-use asset

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
11.1 Equipment				
Cost – beginning of year	**43 517**	40 720	**42 407**	39 543
Acquisitions	**3 850**	2 357	**3 167**	3 383
Transfers from investment property	**323**	1 023	**323**	-
Disposals	**(731)**	(583)	**(209)**	(519)
Cost – end of year	**46 959**	43 517	**45 688**	42 407
Accumulated depreciation – beginning of year	**(37 120)**	(35 456)	**(36 041)**	(34 388)
Depreciation charged	**(4 529)**	(2 176)	**(4 518)**	(2 144)
Exchange differences	**5**	21	**-**	-
Depreciation on disposals	**677**	491	**184**	491
Accumulated depreciation – end of year	**(40 967)**	(37 120)	**(40 375)**	(36 041)
Closing net carrying value	**5 992**	6 397	**5 313**	6 366
11.2 Land and buildings				
Cost – beginning of year	**112 357**	112 357	**-**	-
Transfer from investment property (Refer to note 10)	**3 550**	-	**-**	-
Cost – end of year	**115 907**	112 357	**-**	-
Accumulated depreciation – beginning of year	**(12 383)**	(11 275)	**-**	-
Depreciation charged	**(1 108)**	(1 108)	**-**	-
Accumulated depreciation – end of year	**(13 491)**	(12 383)	**-**	-
Closing net carrying value	**102 416**	99 974	**-**	-

Included in land and buildings are owner occupied properties at a carrying amount of R102,4 million (2022: R100,0 million). A register of the property and equipment is available for inspection at the Company's registered office.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
11.3 Right-of-use asset				
Cost – beginning of year	**26 686**	28 023	**96 369**	95 816
Additions	**2 856**	-	**2 856**	1 739
Modifications	**(773)**	-	**(2 972)**	-
Exchange differences	**-**	(151)	**-**	-
Terminations / cancellations	**(21 545)**	(1 186)	**(20 413)**	(1 186)
Cost – end of year	**7 224**	26 686	**75 840**	96 369
Accumulated depreciation – beginning of year	**(18 834)**	(13 655)	**(50 370)**	(32 954)
Depreciation charged	**(5 038)**	(5 975)	**(16 641)**	(17 416)
Depreciation on terminations / cancellations	**19 229**	1 112	**18 750**	-
Depreciation on modifications	**2 666**	-	**3 688**	-
Exchange differences	**-**	(316)	**-**	-
Accumulated depreciation – end of year	**(1 977)**	(18 834)	**(44 573)**	(50 370)
Closing net carrying value	**5 247**	7 852	**31 267**	45 999

The right-of-use asset relates to property.
The right-of-use assets' titles are restricted by the lease liabilities as disclosed in note 18.

Total net carrying value for property, equipment and right-of-use asset	**113 655**	114 223	**36 580**	52 365

12. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 27 percent (2022: 27 percent). An aging of deferred tax assets and deferred tax liabilities are as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Deferred tax asset				
• Deferred tax assets to be recovered after more than 12 months	**41 885**	31 414	**40 760**	30 278
• Deferred tax assets to be recovered within 12 months	**78 190**	146 888	**80 351**	152 981
	120 075	178 302	**121 111**	183 259
Deferred tax liability				
• Deferred tax liabilities to be recovered after more than 12 months	**(1 214)**	(43 352)	**(1 026)**	(43 271)
• Deferred tax liabilities to be recovered within 12 months	**(216 029)**	(222 983)	**(188 613)**	(207 412)
	(217 243)	(266 335)	**(189 639)**	(250 683)
Net deferred tax liabilities	**(97 168)**	(88 033)	**(68 528)**	(67 424)

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The corporate income tax rate reduced to 27% (from 28%) with effect for years of assessment ending on or after 31 March 2022. The Group has concluded that the deferred tax assets are recoverable using the estimated future taxable income based on the approved business plans and budgets. The Group is expected to continue generating taxable income into the foreseeable future. The movement on the deferred tax account is as follows:

	GROUP		COMPANY	
	2023	2022	2023	2022
	R000	R000	R000	R000
Balance - beginning of the year	(88 033)	(76 298)	(67 424)	(60 536)
Charge to profit and loss component of the statement of comprehensive income				
• Provisions	9 382	(13 158)	8 872	(11 501)
• Investment properties	(10 179)	(1 783)	(5 414)	1 343
• Fair value adjustments: financial instruments	1 907	764	2 741	784
• Defined benefit pension fund surplus	(1 995)	408	(1 995)	408
• Assessed losses	(54)	(43)	-	-
Charged directly to other comprehensive income	(5 308)	2 077	(5 308)	2 078
Other movement - consolidation of subsidiaries	(2 888)	-	-	-
Balance - end of the year	(97 168)	(88 033)	(68 528)	(67 424)
Net deferred tax liabilities consist of temporary differences relating to:				
Provisions	114 027	129 936	106 943	123 363
Investment properties	(136 959)	(123 891)	(104 576)	(99 163)
Fair value adjustments: financial instruments	(33 713)	(30 312)	(30 372)	(27 805)
Defined benefit pension fund surplus	(40 523)	(63 819)	(40 523)	(63 819)
Assessed losses	-	53	-	-
Net deferred tax liability	(97 168)	(88 033)	(68 528)	(67 424)

13. Defined benefit and contribution pension fund surplus and post-employment medical benefits

13.1 Post-employment benefits

13.1.1 Defined contribution pension fund

The Group pays fixed contributions into a separate trustee-administered fund in terms of the defined contribution plan. The Group has no legal or constructive obligation to pay additional contributions to the fund apart from those contributions that are contractual between the employer and employee. Should the fund not hold sufficient assets to pay employee benefits, no liability to make any additional contribution can or will accrue to the Group. The amounts included in the statement of comprehensive income under staff costs for the defined contribution fund are R12,0 million (2022: R11,4 million).

13.1.2 Defined benefit pension fund

The Group operated a defined benefit pension fund for the benefit of pensioners providing a guaranteed level of pension. The Pension Fund was closed and had no active members. The Board of Directors resolved to settle the liability by purchasing an insurance policy for the pensioners. The plan assets of the Pension Fund were utilised to settle the defined benefit liability.

The insurance policy was purchased effective 1 June 2021 and from this date, Sanlam Life Insurance Ltd is responsible for the payment of the monthly pensions. On approval from the Financial Sector Conduct Authority ("FSCA"), the ownership of the insurance policy will be transferred from the Pension Fund to the respective defined benefit pensioners. This approval was obtained on 19 April 2022. The liability in respect of the defined benefit liability has been settled and the Group has no liability or contingent liability.

The Pension Funds Second Amendment Act of 2001 ("the PF Act") regulates surplus apportionment and avoids the inappropriate distribution of surpluses. In terms of the rules of the Pension Fund, the surpluses in the Pension Fund are for the benefit of the employer and are recognised in full as an asset on the statement of financial position. The Trustees of the Pension Fund and the Board of Directors resolved to settle the post-employment medical benefits through the purchase of an insurance policy, funded by the employer surplus. Additional information on the post-employment medical benefits is included in note 13.2. The full benefit of the employer surplus will transfer to the Company upon liquidation of the Pension Fund.

	GROUP AND COMPANY	
	2023 R000	2022 R000
13.1.3 Amount recognised in the statement of financial position		
Market value of assets	150 084	330 479
Present value of defined benefit obligation	-	(94 110)
Defined benefit pension fund surplus	150 084	236 369
13.1.4 Defined benefit plan reconciliations		
Reconciliation of the net surplus:		
Defined benefit pension fund surplus - beginning of year	236 369	234 370
Movement in obligation	(93 676)	(14 412)
Movement in plan assets	7 391	17 637
Expenses and tax paid	-	(1 226)
Defined benefit pensions fund surplus - end of year	150 084	236 369
Reconciliation of the movement in the defined benefit obligation:		
Defined benefit obligation - beginning of year	94 110	81 154
Settlement	(94 110)	-
Interest expense	-	1 556
Benefits paid	-	(1 456)
Benefit improvement	-	11 860
	-	93 114
Remeasurements	-	996
Change in actuarial assumptions - loss	-	996
Defined benefit obligation - end of year	-	94 110
Reconciliation of the movement in the plan assets:		
Market value of assets - beginning of year	330 479	315 524
Mark to market adjustment on asset (refer note 21)	7 391	-
Investment income	-	17 456
Settlement of pension fund liability	(94 110)	
Settlement of post-employment medical benefits	(93 676)	
Remeasurement	-	181
Benefits paid	-	(1 456)
Expenses and tax paid	-	(1 226)
Market value of assets - end of year	150 084	330 479

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	GROUP AND COMPANY 2023 R000	2022 R000
13.1.5 Pension fund assets		

The pension fund assets are administered by an asset manager in accordance with prudential guidelines, and consist of the following:

	2023	2022
Investment fund	**150 084**	165 591
Qualifying insurance policies	**-**	164 888
Market value of assets - end of year	**150 084**	330 479

The value of assets disclosed above are based on quoted prices in active markets, with the exception of property related assets.

R164,9 million of the pension fund assets were utilised to purchase insurance policies to settle the defined benefit liability and the post-employment medical benefit liability effective 1 June 2021.

13.1.6 Movements in defined benefit plan accounted for in the statement of comprehensive income

	2023	2022
Investment return	**-**	15 900
Expenses and tax paid	**-**	(1 226)
Benefit improvement	**-**	(11 860)
Mark to market adjustment on asset (refer note 21)	**7 391**	-
Total included in profit and loss (refer note 21 for 2023 and 24 for 2022)	**7 391**	2 814
Remeasurements and movement recognised in other comprehensive income before tax	**-**	(819)
Actual return on assets	**-**	181
Experience adjustments - (loss)/gain	**-**	(1 000)
Total recognised in the statement of comprehensive income	**7 391**	1 995

13.2 Post-employment medical benefits

The Group operated a post-employment medical aid benefit scheme for employees and pensioners who were in the service of the Group on or before 1 April 1999. The Board of Directors resolved to settle the liability by purchasing an insurance policy for the retirees and paying a lump sum into the retirement fund of current employees entitled to the benefit. The employer surplus of the Business Partners Limited Pension Fund ('the Pension Fund') was utilised to settle these liabilities in compliance with the Pension Funds Second Amendment Act of 2001 Act and the rules of the Pension Fund.

The insurance policy was purchased effective 1 June 2021 and from this day, Sanlam Life Insurance Ltd is responsible for the payment of the monthly medical benefits to pensioners. On approval from the Financial Sector Conduct Authority ("FSCA"), the ownership of the insurance policy will be transferred from the Pension Fund to the respective pensioner. This approval was obtained on 19 April 2022. The liability in respect of the medical benefits due to pensioners has been settled and the Group has no liability or contingent liability.

Approval was obtained from the FSCA on 12 May 2022 to pay the lump sum to eligible current employees' retirement fund. The liability in respect of the medical benefits due to eligible current employees has been settled and the Group has no liability or contingent liability.

In prior years, the main actuarial assumption used in calculating the post-employment medical benefit was the real discount rate at which the present value of the future medical benefit payments was determined. The real discount rate was determined using the nominal interest rate on high quality interest bearing bonds and the real interest rate on these bonds.

	GROUP AND COMPANY 2023	2022
The real discount rate was determined as follows:		
Nominal rate on high quality interest bearing bond	**0,00%**	11,11%
Real rate on high quality interest bearing bond	**0,00%**	3,86%
Implied price inflation	**0,00%**	6,98%
Subsidy inflation rate (89 percent of implied price inflation)	**0,00%**	6,21%
Nominal rate on high quality interest bearing bond	**0,00%**	11,11%
Subsidy inflation rate	**0,00%**	6,21%
Real discount rate	**0,00%**	4,61%

	R000	R000
13.2.1 Amount recognised in the statement of financial position		
Liability - beginning of year	**93 676**	83 791
Settlement of post-employment medical benefit liability	**(93 676)**	
Benefits paid	**-**	(4 228)
Benefit improvement recognised in comprehensive income for the year	**-**	10 661
Recognised in comprehensive income for the year	**-**	3 450
Recognised in other comprehensive income before tax	**-**	2
Liability - end of year	**-**	93 676

13.2.2 Movements in post-employment medical benefits accounted for in the statement of comprehensive income

	2023	2022
Interest expense	**-**	64
Current service cost	**-**	123
Benefit improvement	**-**	10 661
Total included in staff costs (refer note 24)	**-**	10 848
Remeasurements and movement recognised in other comprehensive income before tax	**-**	2
Change in economic assumptions - loss / (gain)	**-**	2
Total recognised in the statement of comprehensive income	**-**	10 850

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13.3 Transfer of net actuarial loss on post-retirement benefits directly to retained earnings

In prior years, in accordance with IAS19 Employee Benefits, the expected costs of providing defined benefit pension obligations and post-employment medical benefits were estimated using the project unit credit method. This actuarial technique takes into account years of service both current and prior periods, discounts used to determine the present value of the obligation, the current service cost and the fair value of any plan assets. This determines the amount of the deficit or surplus and the amount recognised in profit or loss and other comprehensive income.

On 19 April 2022 the FSCA approved the transfer of the insurance policies purchased to settle the defined benefit liability and the post-employment medical liability to pensioners. On 12 May 2022 the FSCA approved the transfer of the lumpsum payment to eligible current employees. Subsequently, the Group does not have any liability or contingent liability in respect of defined benefit pensioners, post-employment medical pensioners or current employees previously eligible to receive the post-employment medical pension on retirement. Due to the settlement of the post-retirement benefits, the net actuarial loss on post-retirement benefits previously recognised in other comprehensive income has now been recognised directly in retained earnings.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
14. Share capital				
14.1 Authorised				
400 000 000 ordinary shares of R1 each	**400 000**	400 000	**400 000**	400 000
14.2 Issued				
173 000 594 (2022: 173 000 594) ordinary shares of R1 each	**173 001**	173 001	**173 001**	173 001
	173 001	173 001	**173 001**	173 001

15. Fair value and other reserves*

		Net actuarial (loss)/gain on post-retirement benefits R000	Fair value adjustment to financial instruments R000	Foreign currency translation reserve R000	Share of other comprehensive income of associates R000	Total R000
GROUP						
Balance at 01 April 2022		**96 213**	**2 744**	**(16 120)**	**1 350**	**84 187**
Remeasurement of post-employment benefits:						
Defined benefit pension fund	**- gross**	**(116 747)**				**(116 747)**
	- tax	**31 522**				**31 522**
Post-employment medical benefits	**- gross**	**(15 052)**				**(15 052)**
	- tax	**4 064**				**4 064**
Revaluation of financial instruments	**- gross**		**(2 669)**			**(2 669)**
	- tax		**577**			**577**
Currency translation differences	**- gross**			**27 358**		**27 358**
	- tax			**(5 885)**		**(5 885)**
Share of associates' other comprehensive income					**2 956**	**2 956**
Balance at 31 March 2023		**–**	**652**	**5 353**	**4 306**	**10 311**
Balance at 01 April 2021		95 483	1 567	(12 513)	2 329	86 866
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	(819)				(819)
	- tax	1 396				1 396
Post-employment medical benefits	- gross	2				2
	- tax	151				151
Revaluation of financial instruments	- gross		1 480			1 480
	- tax		(303)			(303)
Currency translation differences	- gross			(4 440)		(4 440)
	- tax			833		833
Share of associates' other comprehensive income					(979)	(979)
Balance at 31 March 2022		96 213	2 744	(16 120)	1 350	84 187

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		Net actuarial (loss)/gain on post-retirement benefits R000	Fair value adjustment to financial instruments R000	Foreign currency translation reserve R000	Share of other comprehensive income of associates R000	Total R000
COMPANY						
Balance at 01 April 2022		**96 213**	**2 744**	**(19 444)**	**-**	**79 513**
Remeasurement of post-employment benefits:						
Defined benefit pension fund	**- gross**	**(116 747)**				**(116 747)**
	- tax	**31 522**				**31 522**
Post-employment medical benefits	**- gross**	**(15 052)**				**(15 052)**
	- tax	**4 064**				**4 064**
Revaluation of financial instruments	**- gross**		**(2 669)**			**(2 669)**
	- tax		**577**			**577**
Currency translation differences	**- gross**			**27 245**		**27 245**
	- tax			**(5 885)**		**(5 885)**
Balance at 31 March 2023		**-**	**652**	**1 916**	**-**	**2 568**
Balance at 1 April 2021		95 483	1 567	(15 672)	-	81 378
Remeasurement of post-employment benefits:						
Defined benefit pension fund	- gross	(819)				(819)
	- tax	1 396				1 396
Post-employment medical benefits	- gross	2				2
	- tax	151				151
Revaluation of financial instruments	- gross		1 480			1 480
	- tax		(303)			(303)
Currency translation differences	- gross			(4 605)		(4 605)
	- tax			833		833
Balance at 31 March 2022		96 213	2 744	(19 444)	-	79 513

* The nature and purpose of each reserve is detailed in the respective accounting policies.

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
16. Accounts payable				
Tenant deposits held	**28 284**	26 333	**17 192**	16 534
Funds held in trust	**17 613**	15 780	**-**	-
Trade vendors	**24 724**	14 073	**19 630**	6 421
Statutory vendors	**7 082**	17 441	**6 206**	8 100
Prepaid and deferred income	**18 073**	14 149	**14 148**	9 854
Unallocated receipts and debtors with credit balances	**7 963**	5 658	**7 549**	5 245
Other	**4 555**	1 887	**1 720**	(1 972)
	108 294	95 321	**66 445**	44 182

	Leave Pay R000	Bonus R000	Total R000
17. Provisions			
GROUP			
Balance at 01 April 2021	17 982	29 348	47 330
Provided for the year	1 651	37 778	39 429
Utilised during the year	(2 357)	(30 245)	(32 602)
Balance at 31 March 2022	17 276	36 881	54 157
Balance at 01 April 2022	**17 276**	**36 881**	**54 157**
Provided for the year	**2 349**	**44 478**	**46 827**
Utilised during the year	**(2 152)**	**(38 387)**	**(40 539)**
Balance at 31 March 2023	**17 473**	**42 972**	**60 445**
COMPANY			
Balance at 01 April 2021	17 326	28 655	45 981
Provided for the year	1 634	37 850	39 484
Utilised during the year	(2 456)	(30 245)	(32 701)
Balance at 31 March 2022	16 504	36 260	52 764
Balance at 01 April 2022	**16 504**	**36 260**	**52 764**
Provided for the year	**2 042**	**43 575**	**45 617**
Utilised during the year	**(1 662)**	**(37 516)**	**(39 178)**
Balance at 31 March 2023	**16 884**	**42 319**	**59 203**

The provision for leave pay is determined in terms of the contractual obligations incorporated in the conditions of employment. The provision for bonuses is payable within three months after finalisation of the audited financial statements.

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	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
18. Lease liability				
Lease liability	**6 066**	8 993	**36 833**	51 573
Non-current	**5 004**	2 324	**22 826**	32 798
Current	**1 062**	6 669	**14 007**	18 775
Lease liabilities reconciliation				
Opening balance	**8 993**	16 422	**51 573**	68 200
Additions	**2 856**	-	**2 856**	1 739
Terminations or cancellations	**(2 810)**	-	**(2 165)**	(1 472)
Modifications	**3 068**	-	**2 291**	-
Interest expense	**835**	1 092	**4 412**	5 126
Payments	**(6 888)**	(7 396)	**(22 134)**	(22 020)
Payment of principal portion	**(6 053)**	(6 304)	**(17 722)**	(16 894)
Payment of interest portion	**(835)**	(1 092)	**(4 412)**	(5 126)
Exchange and other movements	**12**	(1 125)	**-**	-
Closing balance	**6 066**	8 993	**36 833**	51 573
19. Borrowings				
19.1 Non-current				
Interest free Jobs Fund loan	**21 839**	29 498	**21 839**	29 498
Interest-bearing long-term loans	**729 940**	915 576	**707 165**	893 617
	751 779	945 074	**729 004**	923 115
Current				
Short-term portion of long-term loans	**350 132**	491 629	**350 132**	491 629
	350 132	491 629	**350 132**	491 629
	1 101 911	1 436 703	**1 079 136**	1 414 744

The nature and terms of the interest-bearing long-term loans are as follows:
- Loans secured by bonds amounting R692 million over properties and incurring interest at rates between prime minus 0,6 percent and prime minus one percent.
- Two loans are secured by a cession amounting to R2,85 billion of loans and receivables and incurring interest at prime minus 1,5 percent. The loan's repayment terms are 10 years.

The nature and terms of the Interest-free Jobs Fund loan is as follows:
The Group obtained a facility amounting to R48,7 million during the 2014 financial year. This interest free loan is intended to facilitate the establishment of new franchises through the advancement of loans to SMEs. Drawdowns took place over a 3 year period and the disbursement period came to an end in 2021 after a 5 year period. All capital recovered will be distributed in terms of the agreement.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
19.2 Net debt reconciliation				
Net debt by repayment term				
Cash and cash equivalents	**127 567**	332 455	**103 125**	309 873
Borrowings - repayable within one year	**(350 132)**	(491 629)	**(350 132)**	(491 629)
Borrowings - repayable after one year	**(751 779)**	(945 074)	**(729 004)**	(923 115)
Net debt	**(974 344)**	(1 104 248)	**(976 011)**	(1 104 871)
Net debt by interest structure				
Cash and cash equivalents	**127 567**	332 455	**103 125**	309 873
Gross debt - fixed interest rates	**(21 839)**	(29 498)	**(21 839)**	(29 498)
Gross debt - variable interest rates	**(1 080 072)**	(1 407 205)	**(1 057 297)**	(1 385 246)
Net debt	**(974 344)**	(1 104 248)	**(976 011)**	(1 104 871)
19.3 Total borrowings reconciliation				
Opening balance	**1 436 703**	1 544 003	**1 414 744**	1 519 082
Interest	**88 315**	73 322	**88 315**	73 322
Repayments	**(439 130)**	(379 659)	**(439 130)**	(379 659)
Drawdowns	**22 865**	204 153	**22 865**	204 153
Other movements	**(6 842)**	(5 116)	**(7 658)**	(2 154)
Total borrowings	**1 101 911**	1 436 703	**1 079 136**	1 414 744

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	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
20. Net interest income				
Interest income	**392 353**	357 670	**395 800**	359 487
Interest on loans and receivables	**298 239**	255 332	**302 415**	257 235
Interest on surplus funds	**9 223**	9 181	**8 494**	9 095
Royalty fees	**84 891**	93 157	**84 891**	93 157
Interest expense	**(89 544)**	(76 519)	**(89 544)**	(76 519)
Interest-bearing borrowings	**(89 544)**	(76 519)	**(89 544)**	(76 519)
Net interest income	**302 809**	281 151	**306 256**	282 968
21. Investment income and gains				
Investment income	**44 144**	94 657	**60 752**	65 177
Surplus on realisation of unlisted investments	**40 256**	59 957	**54 003**	65 261
Surplus/(Loss) on realisation of investment properties	**3 869**	34 685	**3 869**	(248)
Dividends income	**19**	15	**2 880**	164
Investment gains	**92 364**	49 223	**49 393**	9 312
Income from associated companies	**21 767**	15 504	**-**	-
Fair value movement investment properties and assets held for resale	**61 568**	34 090	**40 938**	9 663
Net foreign exchange rate differences	**1 638**	(371)	**1 064**	(351)
Defined benefit pension fund gain (refer to note 13)	**7 391**	-	**7 391**	-
	136 508	143 880	**110 145**	74 489
22. Net property revenue				
22.1 Property revenue				
Revenue from contracts with tenants				
Contracted rental income	**223 202**	208 676	**117 342**	117 423
Recoveries	**119 919**	111 944	**69 357**	65 747
Electricity recovered	**48 821**	45 903	**25 539**	24 469
Assessment rates recovered	**29 024**	26 961	**16 811**	16 069
Security recovered	**14 783**	13 663	**10 149**	8 966
Other costs recovered	**27 291**	25 417	**16 858**	16 243
Non-contractual revenue	**4 100**	2 815	**2 914**	2 247
Penalty interest	**1 964**	1 237	**778**	669
Lease administration fee	**1 509**	1 378	**1 509**	1 378
Commission earned	**627**	200	**627**	200
	347 221	323 435	**189 613**	185 417

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
22.2 Property expenses				
Property expenses	**(151 494)**	(146 433)	**(89 319)**	(79 538)
Property maintenance	**(25 284)**	(17 170)	**(14 002)**	(9 147)
Expected credit losses released / (created)	**3 602**	(3 657)	**5 676**	(1 601)
Bad debts	**(9 700)**	(3 921)	**(5 135)**	(1 923)
	(182 876)	(171 181)	**(102 780)**	(92 209)
Net property revenue	**164 345**	152 254	**86 833**	93 208
23. Net credit losses released				
Loans and receivables written off	**18 952**	59 354	**18 952**	56 331
Legal and other expenses incurred on recovery	**6 356**	8 152	**6 356**	8 152
Expected credit losses released	**(13 482)**	(74 076)	**(13 482)**	(74 076)
Stage 1	**2 316**	(1 892)	**2 316**	(1 892)
Stage 2	**(2 798)**	4 814	**(2 798)**	4 814
Stage 3 (includes suspended interest in Stage 3)	**(13 000)**	(76 998)	**(13 000)**	(76 998)
Recovery of loans and receivables written off	**(18 934)**	(16 503)	**(18 934)**	(16 503)
	(7 108)	(23 073)	**(7 108)**	(26 096)
24. Staff costs				
Remuneration at cost to company	**156 346**	153 406	**149 836**	144 757
Post-employment medical benefits (refer note 13.2.2)	**-**	10 848	**-**	10 848
Bonuses and provisions	**47 743**	38 227	**45 617**	37 096
	204 089	202 481	**195 453**	192 701
Defined benefit pension fund gain (refer note 13.1.6)	**-**	(2 814)	**-**	(2 814)
Indirect staff costs	**8 485**	4 550	**8 224**	4 521
	212 574	204 217	**203 677**	194 408
25. Other operating expenses				
Computer expenses	**17 615**	16 137	**17 572**	16 063
Depreciation (refer note 11)	**10 675**	9 259	**21 160**	19 560
Office expenses	**3 488**	3 825	**26 013**	25 451
Professional services	**31 238**	25 148	**28 029**	22 619
Public relations and advertising	**17 881**	9 095	**17 880**	9 059
Telephone, postage, printing and stationery	**3 012**	2 962	**2 975**	2 821
Other sundries	**4 296**	1 925	**(9 321)**	(9 834)
	88 205	68 351	**104 308**	85 739

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	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
26. Profit from operations				
The following items have been included in arriving at profit from operations:				
Depreciation	**10 675**	9 259	**21 160**	19 560
Directors' emoluments:				
• as directors (refer note 32.2)	**2 660**	3 113	**2 660**	3 113
• as management (refer note 32.2)	**15 440**	12 656	**15 440**	12 656
Auditor's remuneration:				
• audit	**7 160**	6 291	**6 563**	5 338
• other services	**212**	96	**212**	96
Surplus on realisation of property and equipment	**(72)**	(84)	**(19)**	(84)

27. Tax expense

27.1 Tax charge through profit and loss component of comprehensive income

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Income tax - current year	**64 728**	54 218	**43 908**	33 472
- prior year	**(40)**	(1 558)	**-**	(463)
Deferred tax - current year	**887**	11 924	**(4 204)**	8 138
- prior year	**90**	1 923	**-**	827
	65 665	66 507	**39 704**	41 974
Dividends withholding tax	**1**	-	**1**	-
Foreign withholding tax	**-**	15	**-**	-
Tax of associated companies	**2 885**	4 527	**-**	-
Capital gains tax	**13 893**	20 957	**13 893**	14 700
	82 444	92 006	**53 598**	56 674

27.2 Reconciliation of rate of taxation

	GROUP 2023	GROUP 2022	COMPANY 2023	COMPANY 2022
South African normal tax rate (%)	**27,00**	28,00	**27,00**	28,00
Adjusted for:	**(2,19)**	(1,86)	**(3,32)**	(2,42)
Income not subject to tax (%)	**(0,21)**	(0,00)	**(0,65)**	(0,02)
Non-deductible expenses (%)	**0,14**	0,05	**0,08**	(0,07)
Income subject to capital gains tax (%)	**(1,07)**	(2,23)	**(2,75)**	(1,92)
Prior year adjustments (%)	**0,01**	0,10	**0,00**	0,16
Other (%)	**(1,06)**	0,22	**0,00**	(0,58)
Effective tax rate on profit before taxation (%)	**24,81**	26,14	**23,68**	25,58

27.3 Tax charge through other comprehensive income

The tax effect of items accounted for in other comprehensive income is as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
Actuarial remeasurement on defined benefit pension fund	**-**	1 396	**-**	1 396
Actuarial remeasurement on post-retirement medical aid obligation	**-**	151	**-**	151
Fair value adjustment of financial assets held at fair value through other comprehensive income	**577**	(303)	**577**	(303)
Foreign currency translation movement	**(5 885)**	833	**(5 885)**	833
Other comprehensive income	**(5 308)**	2 077	**(5 308)**	2 077

28. Earnings per share

Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during the year.

28.1 Basic earnings per share

	GROUP 2023	GROUP 2022
Net profit	**247 025**	257 861
Weighted number of ordinary shares ('000)	**173 001**	173 001
Basic earnings per share (cents)	**142,8**	149,1

28.2 Headline earnings per share

	GROUP 2023	GROUP 2022
Net profit	**247 025**	257 861
Adjustments net of tax		
• Capital profit on sale of equipment	**(56)**	(65)
• Profit on realisation of property investments	**(3 033)**	(26 916)
• Profit on realisation of associates	**(31 561)**	(46 527)
• Fair value adjustment of investment properties	**(48 269)**	(26 454)
Headline earnings	**164 106**	157 899
Headline earnings per share (cents)	**94,9**	91,3

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29. Dividend per share

A dividend of 28,0 cents per share (2022: A dividend of 25,0 cents per share and a special dividend of 5,0 cents) in respect of the 2023 financial year was declared on 01 June 2023. The dividend is payable on or about 25 August 2023 to shareholders registered in the Company's share register on 15 August 2023.

The dividend is subject to a dividend withholding tax at 20 percent. Tax payable is 5,0 cents per share, which results in a net dividend of 20,0 cents per share payable to shareholders who are not exempt from dividends withholding tax, or subject to a reduced rate.

30. Commitments and lease agreements

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
30.1 Capital commitments				
Loans and receivables approved but not advanced	**361 793**	370 427	**361 793**	370 427
Capital committed in respect of purchase of investment properties	**7 070**	7 070	**7 070**	7 070
	368 863	377 497	**368 863**	377 497

30.2 Lease commitments – group company as lessee

The Group leases various offices under non-cancellable operating lease agreements. The lease terms are between 1 and 6 years, and the majority of lease agreements are renewable at the end of the lease period at market rates. The amount paid in respect of operating leases during the year amount to R6,9 million (2022: R7,4 million) for Group and R 22,1 million (2022: R 22,0 million) for Company.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
• 1 year	**1 609**	7 095	**16 912**	22 375
• between 1 and 5 years	**6 109**	2 376	**24 757**	36 997
• after 5 years	**-**	-	**-**	-
	7 718	9 471	**41 669**	59 372

30.3 Lease receivables – group company as lessor

The Group leases its properties to tenants under long-term operating leases with rentals payable monthly. The future minimum lease payments receivable from these long-term operating leases are as follows:

	Less than 1 year R000	Between 1 and 5 years R000	Over 5 years R000	Total R000
Group	163 101	194 403	11 509	369 013
Company	87 146	96 630	4 403	188 179

31. Cash flow information

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
31.1 Non-cash adjustments				
Income from associated companies (refer note 21)	**(21 767)**	(15 504)	**-**	-
Surplus on sale of assets	**(44 197)**	(94 726)	**(57 890)**	(65 907)
Fair value adjustment of investment properties (refer note 21)	**(61 568)**	(34 090)	**(40 938)**	(9 663)
Fair value adjustment of financial instruments	**-**	(9 757)	**-**	(9 757)
Non cash income from consolidation of subsidiaries	**(6 523)**	-	**-**	-
Depreciation (refer note 11)	**10 675**	9 259	**21 160**	19 560
Net credit losses	**5 470**	(6 570)	**5 470**	(9 593)
• Loans and receivables written off (refer note 23)	18 952	59 354	18 952	56 331
• Legal and other expenses incurred on recovery (refer note 23)	-	8 151	-	8 151
• Expected credit losses released (refer note 23)	(13 482)	(74 075)	(13 482)	(74 075)
Credit losses - rent debtors (refer note 22.2)	**6 098**	7 492	**(540)**	3 437
Movement on post-retirement benefits	**(7 391)**	(11 224)	**(7 391)**	(11 224)
	(119 203)	(155 120)	**(80 129)**	(83 147)
31.2 Adjustment for net interest income per income statement				
Deduct interest income (refer note 20)	**(392 353)**	(357 670)	**(395 800)**	(359 487)
Add back interest expenses (refer note 20)	**89 544**	76 519	**89 544**	76 519
	(302 809)	(281 151)	**(306 256)**	(282 968)
31.3 Adjustment for net interest received in cash				
Interest income on loans and receivables received in cash	**315 319**	244 179	**315 319**	244 179
Interest expense paid in cash	**(87 885)**	(75 810)	**(87 885)**	(75 810)
	227 434	168 369	**227 434**	168 369

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	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
31.4 Other movements in assets and liabilities				
Increase in provisions	**6 288**	2 600	**6 439**	2 554
Decrease in assets held for resale	**-**	15 038	**-**	(28)
(Increase) / decrease in accounts receivable	**(7 607)**	(1 346)	**(1 637)**	(306)
(Increase) / decrease in accounts payable	**12 973**	19 045	**22 263**	14 832
	11 654	35 337	**27 065**	17 052
31.5 Taxation paid				
Taxation asset / (liability) - beginning of year	**3 725**	(13 210)	**541**	(15 014)
Tax provision for the year	**(82 444)**	(92 006)	**(53 598)**	(56 674)
Deferred tax	**977**	13 812	**(4 204)**	8 965
Paid by associated companies	**2 885**	4 527	**-**	-
Taxation (asset) / liability - end of year	**(945)**	(3 725)	**526**	(543)
Taxation paid during the year	**(75 802)**	(90 602)	**(56 735)**	(63 266)
31.6 Dividends paid				
Dividends payable - beginning of year	**(1 173)**	(2 320)	**(1 173)**	(2 320)
Dividends declared	**(51 900)**	-	**(51 900)**	-
Dividends payable - end of year	**1 951**	1 173	**1 951**	1 173
Dividends paid during the year	**(51 122)**	(1 147)	**(51 122)**	(1 147)

32. Related parties

The Group defines related parties as:

- Subsidiaries;
- Associates;
- Key management personnel;
- Close family members of key management personnel (individual's spouse, domestic partner's children and dependants); and
- Entities with significant influence over the Group or Company.

Transactions with related parties are at arms length and made in the ordinary course of business and on substantially the same terms as comparable transactions with other third parties. These transactions did not involve more than the normal credit risk nor had other unfavourable features. There were no significant credit impairments related to balances and transactions with related parties.

Included in the net profit of the Group is total income of R168,3 million (2022: R168,3 million) and total expenses of R23,3 million (2022: R19,5 million) in relation to transactions with related parties. In the current reporting period no contracts were entered into in which directors or key management personnel had an interest and which significantly affected the business of the Group. The directors had no interest in any third-party or company responsible for managing any of the business activities of the Group.

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
32.1 Loans to / from related parties				
Loans to subsidiaries				
Balance - beginning of the year			**428 229**	473 595
Interest accrued			**1 045**	1 000
First time consolidation of subsidiaries			**46 779**	-
Amount advanced during the year			**16 550**	14 738
Amount repaid during the year			**(53 784)**	(61 104)
Balance - end of the year			**438 819**	428 229
Dividends received from subsidiaries			**-**	-

Refer to note 9.2 and 34 for further details of the loans to subsidiaries. Refer to note 8, 21 and 33 for further details of balances and transactions with associates.

32.2 Director's Remuneration

Payments made during the year to directors and prescribed officers are as follows:

	GROUP		COMPANY	
Non-executive directors				
CW Ceasar			**182**	200
O Kotze			**260**	312
M Lubbe			**156**	150
AM Mahosi			**11**	238
MD Matshamba			**130**	125
N Martin			**533**	525
F Meisenholl			**260**	388
H Moliea Tshivhase			**195**	175
D Moshapalo			**273**	325
SST Ngcobo			**247**	225
S Siwisa			**101**	-
NJ Williams			**312**	450
Total			**2 660**	3 113
Executive directors				
BD Bierman			**7 328**	6 231
• Salary			**4 115**	3 900
• Short-term bonuses and performance related incentives*			**1 150**	1 000
• Long-term bonuses and performance related incentives*			**2 063**	1 331
R Dolphin **			**3 638**	4 520
• Salary			**2 820**	2 520
• Short-term bonuses and performance related incentives*			**750**	-
• Long-term bonuses and performance related incentives*			**68**	2 000

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	2023	2022
J Lang ***	**4 474**	1 905
· Salary	**2 820**	1 905
· Short-term bonuses and performance related incentives*	**800**	-
· Long-term bonuses and performance related incentives*	**854**	-
Grand total	**15 440**	12 656

* The bonuses and performance related incentives relate to actual amounts paid during the year in respect of amounts earned and accrued for during the prior year. The bonuses and performance related incentives for the 2023 year are accrued on a total basis and form part of the bonus provisions for the year as disclosed in note 17. The final bonuses and performance related incentive allocations to executives are concluded subsequent to the publication of the annual financial statements.
** R Dolphin was appointed as an executive director on the 7th of July 2021. Remuneration for 2022 represents her role as a prescribed officer.
***Please note that the remuneration for J Lang for 2022 does not reflect an incentive portion due to his appointment being post incentive date, furthermore his salary for 2022 is proportional to date of appointment. He was appointed as an executive director on the 7th of July 2021.

33. Loans to associates

	GROUP		COMPANY	
	2023	2022	**2023**	2022
	R000	R000	**R000**	R000
Balance - beginning of the year	**1 147 229**	1 124 269	**1 147 229**	1 124 269
Loans advanced during the year	**170 301**	218 695	**170 301**	218 695
Loan repayments received	**(148 943)**	(173 970)	**(148 943)**	(173 970)
Loans written off	**-**	(21 765)	**-**	(21 765)
Balance - end of the year	**1 168 587**	1 147 229	**1 168 587**	1 147 229
Loans to associates consist of the following:				
· Interest bearing loans	**1 045 855**	1 012 825	**1 045 855**	1 012 825
· Shareholders loans	**121 361**	134 069	**121 361**	134 069
· Royalty agreements	**1 371**	335	**1 371**	335
Total loans to associates	**1 168 587**	1 147 229	**1 168 587**	1 147 229

The allowance for ECL as disclosed in note 5 as it relates to loans to associates is as follows:

	GROUP 2023 R000	GROUP 2022 R000	COMPANY 2023 R000	COMPANY 2022 R000
ECL allowance - beginning of the year	**76 170**	88 393	**76 170**	88 393
ECL allowance raised on new investments	**2 934**	2 778	**2 934**	2 778
ECL allowance reversed on investments written off / repaid	**(9 519)**	(8 942)	**(9 519)**	(8 942)
Increase in ECL allowance on existing investments	**24 738**	17 435	**24 738**	17 435
Decrease in ECL allowance on existing investments	**(24 694)**	(23 494)	**(24 694)**	(23 494)
Impairment provision - end of the year	**69 629**	76 170	**69 629**	76 170

The loans provided to associates are part of the investment activities of the Group and comprise of interest-bearing loans and shareholders' loans which are at market related rates. The interest bearing loans have an average payment period of 7 years. The majority of shareholders' loans have no scheduled repayment date. Loans to associates are not required to be settled in the associate's shares.

34. Principal subsidiaries

	Share percentage held		Shares at cost		Loans	
	2023 %	2022 %	**2023 R**	2022 R	**2023 R000**	2022 R000
Business Partners International (Pty) Ltd	**100**	100	**100**	100	**12 214**	9 180
Business Partners Properties 002 (Pty) Ltd	**100**	100	**1 000**	1 000	**410 013**	459 472
Business Partners Property Brokers (Pty) Ltd	**100**	100	**100**	100	**(957)**	(2 449)
Business Partners Ventures [1] (Pty) Ltd	**100**	100	**100**	100	**(5 088)**	(5 142)
BECA Properties (Pty) Ltd [2]	**60**	60	**600**	600	**-**	-
Cussonia Trust (Pty) Ltd	**100**	100	**3**	3	**(42 729)**	(51 559)
Fifth Season Investments 114 (Pty) Ltd [1]	**80**	80	**96**	96	**2 208**	3 235
Finance for the Third Millennium (Pty) Ltd [1]	**100**	100	**100**	100	**692**	692
JRC Properties (Pty) Ltd	**100**	100	**100**	100	**(14 077)**	(12 509)
K2014214395 (South Africa) (Pty) Ltd [2]	**73**	73	**730**	730	**9 203**	9 203
Labrihof Properties (Pty) Ltd [2]	**53**	53	**528**	528	**4 586**	4 586
Lindros Investments (Pty) Ltd [1]	**100**	100	**4 000**	4 000	**-**	-
R300 Warehouse Park (Pty) Ltd [2]	**70**	70	**700**	700	**41 101**	-
Satinsky 189 (Pty) Ltd [1]	**100**	100	**120**	120	**-**	-
Shock Proof Investments 232 (Pty) Ltd [2]	**80**	80	**800**	800	**1 500**	1 500
Unitrade 106 (Pty) Ltd	**100**	100	**100**	100	**(1 336)**	(1 432)
Vargalor (Pty) Ltd [2]	**60**	60	**600**	600	**15 811**	13 452
Yeoman Properties 1016 (Pty) Ltd [2]	**80**	80	**80**	80	**-**	-
2771 Holdings (Pty) Ltd [2]	**85**	85	**850**	850	**5 678**	-
Franchize Partners (Pty) Ltd - indirectly held [3]						
Business Partners International Madagascar Société Anonyme - indirectly held [4]						
Business Partners International Kenya Ltd - indirectly held [5]						
Business Partners International Rwanda Ltd - indirectly held [4]						
Business Partners International Adviser Ltd - indirectly held [6]						
Business Partners International Namibia (Pty) Ltd - indirectly held [6]						
Business Partners International Zambia Ltd - indirectly held [5]						
			10 707	10 707	**438 819**	428 229

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All holdings are in the ordinary share capital of the entity concerned.

1. Dormant subsidiaries.
2. The financial year of these subsidiaries is February. Consolidation of the results are based on the latest audited financial statements received.
3. Franchize Partners (Pty) Ltd is a wholly-owned subsidiary of Business Partners Ventures 1 (Pty) Ltd.
4. This is a wholly-owned subsidiary of Business Partners International (Pty) Ltd.
5. These subsidiaries are owned by Business Partners Ltd (1 percent shareholding) and Business Partners International (Pty) Ltd (99 percent shareholding).
6. The shares in Business Partners International Namibia (Pty) Ltd were sold on 1 June 2022 and the shares in Business Partners International Adviser Ltd were sold on 1 August 2022.

Annexures to the report

Glossary

BER	Bureau for Economic Research
Business Partners Ltd or the Company	Business Partners Limited
COSO	Committee of Sponsoring Organisations
ERM	Enterprise risk management
IAR	Integrated annual report
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
<IR> Framework	Integrated Reporting Framework
King IV	King Report on Corporate Governance™ for South Africa, 2016
SBDC	Small Business Development Corporation Limited
SDGs	United Nations Sustainable Development Goals
SECO	Swiss State Secretariat for Economic Affairs
SEDA	Small Enterprise Development Agency
SMEs	small and medium enterprises
SMMEs	small, micro and medium enterprises
the board	the board of directors
the Companies Act	Companies Act, 71 of 2008, as amended

Notes

Notes

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