



YEARS OF FINANCING ENTREPRENEURS

INTEGRATED
ANNUAL REPORT 2021

We are Business Partners Limited

There are many business financiers out there. But none like us. We're the company that's been supporting and financing business owners for forty years.

That's longer than some of Africa's largest banks have existed.

We've provided over twenty-one billion rand in tailor-made finance to small and medium businesses.

Helped facilitate over six hundred and fifty-eight thousand jobs and counting. Approved over seventy-two thousand business finance transactions.

It's not surprising that over forty percent of our business each year is with existing clients.

So, who are we?

We're the company that works with business owners to unlock the potential of their businesses. The company that is assisting business owners to rebuild and sustain their businesses during the Covid-19 pandemic.

We are Business Partners Limited. Leaders in Specialised Business Finance.

Scan me



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About the Annual Integrated Report

Reporting Boundary

This Annual Integrated Report is principally a report to shareholders, funders and other stakeholders. The report consists of two sections. The first section, the Annual Integrated Report, is primarily strategic. It outlines the purpose of the business and provides an overview of the strategy for the future.

In addition, it reports on the performance against operational and strategic targets for the financial

year ended 31 March 2021. The second section, the Annual Financial Report, includes the consolidated and separate statements of financial position, comprehensive income and changes in equity, as well as cash flow statements.

Forward-looking Statements

This Annual Integrated Report contains forward-looking statements that are based on management's expectations of future economic conditions, both

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globally and domestically, and in particular 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 small and medium enterprises (SMEs) the Company serves.

Director's Statement of Responsibility

The Board of Directors (the Board), assisted by the Audit and Risk Committee, is responsible for overseeing the integrity and relevance of this Annual Integrated Report. The Board has reviewed this report and believes it is a fair representation of the performance of our Company.

The Board accordingly approved this Annual Integrated Report on 26 May 2021.



Johann Rupert

Honorary Patron

During 1978 I met a fellow South African, Brian Gule, in New York City. He was studying the hair care industry for African Americans, with the view to returning to Johannesburg.

During 1979 we both returned to South Africa. I founded Rand Merchant Bank and helped him start a hair salon in the Carlton Centre.

Due to the discriminatory laws prevailing at the time he was not allowed a business licence in a so-called white area. We thus formed a 50/50 partnership and "Black Wave" was born.

The business soon thrived and through Brian I got to know a number of brilliant black business people. It immediately struck me that they had no access to any credit whatsoever. Denied land ownership in the so-called homelands through the still existing feudal system, they were also denied any right to fixed property in the so-called white area. I therefore thought of a system where a group of us could form a company that would buy business properties and create long-term leases for these entrepreneurs. With the certainty of the leases, we could then advance working capital.

At that stage I had committed all my capital to Rand Merchant Bank and therefore approached my father for financial assistance.

An entrepreneur himself, he felt a deep connection to people who wanted to build businesses instead of working for them; people who wanted to create jobs instead of applying for them.

Looking at what Business Partners Limited has become, it is gratifying to see that the flame that sparked into life during those first meetings between the private and public sector, still burns as brightly as when it was first lit 40 years ago.

As honorary patron I couldn't be prouder of this business in this milestone year. Continued business performance aside, the way every staff member stepped up to make the Sukuma Fund work as well as it did during the Covid-19 lockdown in 2020, while also providing relief support to our Business Partners Limited clients, was an inspiration. It was also a confirmation of my longheld belief that culture is set at the top and that when the culture works, the company works, even under unimaginably tough circumstances. For this I honour and thank the Business Partners Limited leadership for staying true to the vision and values on which our business was established four decades ago.

I have said so before and repeat it without reservation: the work Business Partners Limited does, is the kind of legacy I want to leave.

Therefore, my wish for the future of this company is that it will continue empowering, enabling and celebrating small business owners, within a culture that honours integrity, compassion and clean governance.

I believe that doing well gives one the freedom to share. Let us continue doing well so that we can share evermore.

Johann Rupert

Honorary Patron

Who is Business Partners Limited?

Business Partners Limited ('Business Partners Ltd' and 'BUSINESS/PARTNERS') was established in 1981 with the prime objective of fostering entrepreneurship in South Africa by assisting business owners with business finance, mentorship, technical assistance and affordable business premises. From the outset, the Company recognised that its sustainability is an essential requirement if it were to increasingly partner with small and medium owner-managed businesses over the long term.

To this end, the Company has continuously developed and improved its business model and business processes to ensure that its product and service offerings assist small and medium owner-managed businesses to achieve growth and job facilitation objectives. Simultaneously, the business model seeks to provide a sound and strong balance sheet, delivering growth and returns which enhances the Company's capacity to finance and serve viable small and medium businesses.

In recent years, the Company's proven South African business model has been successfully tested and deployed in selected eastern and southern African countries, viz. Kenya, Malawi, Namibia, Rwanda, Uganda and Zambia.



Our Value-creating Business Model

The Business Partners Limited business model is internationally acknowledged as one of the more successful models for delivering risk finance to SMEs in the developing world.

An essential factor in the Company's success over the years has been its single-minded and unwavering focus on enabling the growth of SMEs. This focussed approach, together with a culture of continuous improvement, has been at the core of the ability to improve on what we do, every year. Central to our ability to sustainably assist business owners in attaining their growth objectives are the following: a business model supported by considerable intellectual property (IP) embedded in best-of-breed business processes that have evolved over more than 40 years. experienced and passionate employees dedicated to serving the Company's cause and a healthy balance sheet.

Remaining true to the cause of making investments that positively impact society has underpinned the Business Partners Limited business model since inception. As market conditions and competitors change, our single-minded focus enables us to adapt and hone our ability to select, add value to, and profitably realise our investments in SMEs

Our values

Entrepreneurial spirit

Our people are both entrepreneurial and passionate about entrepreneurs. We invest where we see an opportunity, driven by the conviction that SMEs are generators of wealth and economic growth. We believe that viable and successful SMEs create sustainable jobs that provide dignity and contribute towards alleviating the scourges of poverty and inequality which afflict much of the developing world. Our entrepreneurial approach and passion for doing business enables us to partner with our clients in the success of their businesses.

Economic merit

Economic merit underpins all our finance and investment decisions, ensuring that access to business finance and added-value 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 all our operational decisions, ensuring long-term sustainability and the ability to deliver optimum value for clients and shareholders alike.

Integrity

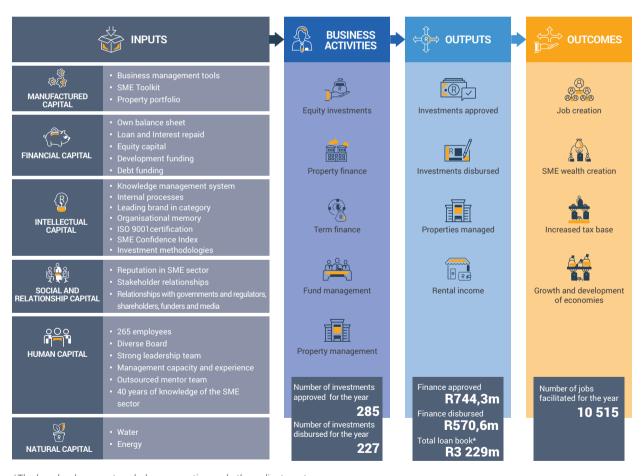
Both our business and personal conduct are imbued with honesty, respect for human dignity and the highest levels of ethical business practices.

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.



Our value-creating business model



^{*}The loan book amount excludes accounting and other adjustments.

^{**}Numbers refer to Business Partners Limited (Company) only.

2020/2021 FINANCIAL YEAR IN NUMBERS

Operational performance numbers

NET CREDIT LOSSES



HEADLINE EARNINGS PER SHARE



Business Investments key metrics

VALUE OF APPROVALS

V

31,7%

2021: R744,3m 2020: R1089,5m

VALUE OF ADVANCES

36,3%

2021: R570,6m **2020**: R895,1m

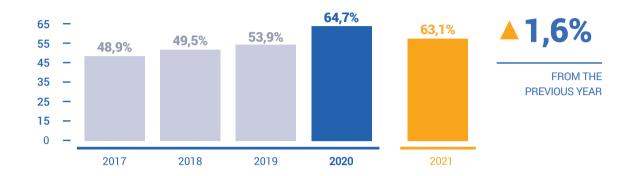
NUMBER OF APPROVALS

8,0%

2021: 285

2020: 264

COST TO INCOME



NET PROFIT FOR THE YEAR



NUMBER OF ADVANCES

2,3%

2021: 227 **2020:** 222

TOTAL BPL LOAN BOOK

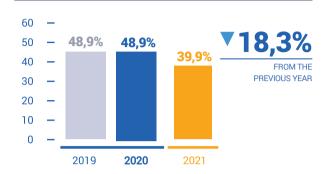


1,4%

2021: R3,229m **2020:** R3,183m

Investment Impact

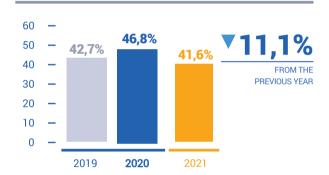
DISBURSEMENTS TO BLACK BUSINESS OWNERS



DISBURSEMENTS TO FEMALE BUSINESS OWNERS



APPROVALS TO BLACK BUSINESS OWNERS



APPROVALS TO FEMALE BUSINESS OWNERS



VALUE OF TECHNICAL ASSISTANCE PROGRAMME APPROVALS

72,2%

2021: R3,0m

2020: R10,8m

VALUE OF TECHNICAL ASSISTANCE PROGRAMME DISBURSEMENTS

56,9%

2021: R5,0m

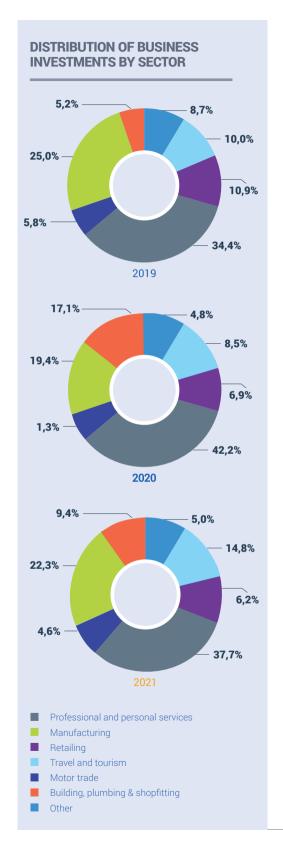
2020: R11,6m

JOBS FACILITATED

2021:10 515

2020: 11 648

The change in the definition and subsequently the calculation of female owned businesses impacted the numbers.



Asset and Property Management Key Metrics

INVESTMENT PROPERTIES

1,8%

2021: R1,67 bn 2020: R1,64 bn

AVERAGE VACANCIES

90,3%

2021: 9.9% **2020**: 5.2%

AVERAGE COLLECTIONS

1,7%

2021: 96.3% **2020**: 98.0%

ARREARS AT 31 MARCH

185,8%

2021: 67.7% **2020**: 23.7%

PERCENTAGE OF FEMALE TENANTS

0,5%

2021: 23,87% 2020: 24,0%

PERCENTAGE OF BLACK **TENANTS**

3,7%

2021: 46,15% **2020**: 44,5%

Sectoral breakdown of the property portfolio

INDUSTRIAL

2021: 68% 2020: 66,8%

RETAIL

2021: 31% **2020**: 29,9%

1,8%

OFFICE

2021:2% 2020: 3,3%



Supporting our employees during the Covid-19 pandemic

0

KEEPING IN TOUCH

Considerable effort went into communicating with our employees through various platforms. Communication covered various matters including Company milestones and the Company's position on matters such as the practical implications of lockdown, medical cover and the effects of the pandemic on retirement investments.

KEEPING OUR EMPLOYEES SAFE

- From lockdown alert level 2 in South Africa, we adopted a hybrid working model that saw our employees working from home three days per week.
- Strict observance of Covid-19 health and safety protocols to create a safe environment.
- As at 31 March 2021, employees were spending two days a week in the office.



LOCKDOWN
ALERT LEVELS 5 AND 4:

100% of employees in South Africa worked from home.

LOCKDOWN ALERT LEVEL 3:

95% of employees in South Africa worked from home.

R17,7 MILLION

IN SHORT-TERM MERIT BONUSES paid to employees during the Covid-19 pandemic. As at 31 March 2021, 15 Business Partners Limited Group employees had contracted the coronavirus. There was 1 fatality

ONLINE LEARNING



While we had already adopted blended learning, Covid-19 restrictions forced us online, fully and quickly.



NAZEEM MARTIN 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 Programme (Harvard, USA). Consultant to SME financiers and investors. Director of companies.

Committee membership/s: ARC (filled a vacancy from 22 October 2019 till 19 August 2020), NC (chair), HRRC (chair), BIC, SRC (chair).

Refer to the Chairperson's statement on page 26 for Mr Martin's message on Business Partners Ltd's 40th anniversary.



BEN BIERMAN Managing Director

Appointed: 1 April 2016.

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

Committee membership/s: SEC, BIC, SRC.

Refer to the Managing Director's statement on page 28 for Mr Bierman's message on Business Partners Ltd's 40th anniversary.



CRAIG CEASAR Non-executive Director

Appointed: 27 January 2020. Qualifications: BAcc Hons (SU), CA(SA). Investment Manager. Remgro Limited. Director of companies. Committee membership/s: BIC (from 19 August 2020), SRC (alternate).

What has been your proudest moment in your journey with Business Partners Ltd?

My proudest moment is not at an actual point in time, but continuously witnessing the difference that the organisation makes, employment it creates and opportunities that are provided to entrepreneurs, business owners and their staff.

What are your hopes for Business Partners Ltd's next 40 years?

I hope that Business Partners Limited can continue to assist in improving the lives of South Africans (and even beyond its borders into sub-Saharan Africa) through facilitating economic and employment opportunities.



DAVID MOSHAPALO

Non-executive Director

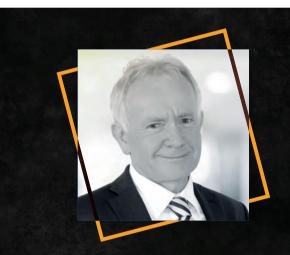
Served: 23 January 1996 until 7 November 2001. Reappointed: 14 February 2002. Qualifications: Industrial Relations, Human Resources Development and Personnel Management (Tokyo, Japan), New Leadership Program (Arthur D'Little Man. Ed. Institute, Cambridge, USA), ILO Strategic Management of Employers' Organisation in English Speaking Africa (Turin, Italy). Group Chief Operations Officer. Strategic Partners Group (Pty) Ltd — Black Partner in Bombela Consortium in Gautrain Project. Director of companies. Committee membership/s: NC, HRRC, SEC (chair), BIC, SRC.

What has been your proudest moment in your journey with Business Partners Ltd?

It gives me great pride to be part of Business Partners Limited which is one of the first companies to offer finance and premises for rental to black owned businesses during the apartheid era. The work that we do is an effort to transform the economy thereby improving the landscape of our society. My service on the Board, particularly as Chairperson of the Social and Ethics Committee where we look at matters of employment equity and ethics, is also essential.

What are your hopes for Business Partners Ltd's next 40 years?

That it becomes a very significant venture capital company and is reflective of the demographics of the country both in its make-up and client base.



FRIEDEL MEISENHOLL

Non-executive Director

Appointed: 23 February 2000.

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

Director of companies.

Committee membership/s: ARC, BIC.

What has been your proudest moment in your journey with Business Partners Ltd?

There are many moments. Every transaction, big or small, with an entrepreneur that enables the entrepreneur to grow the business.

What are your hopes for Business Partners Ltd's next 40 years?

To have an even greater impact on the growth of our economy to the benefit of all South Africans.



HULI TSHIVHASE

Non-executive Director

Appointed: 12 August 2015.

Qualifications: BCom Hons (UNISA), MA Clinical Psychology (UJ), MBA (UP), Masters in Industrial and Organisational Psychology (UCT), Registered Psychologist (HPCSA), Global Chartered Remuneration Professional. Executive Director Organisational Development, EMEA: RGA Reinsurance.

Committee membership/s: HRRC.

What has been your proudest moment in your journey with Business Partners Ltd?

It's hard to pick one proud moment, every time we go above and beyond for our employees, when we show them how important they are in the way that we treat them. I am especially impressed by all the effort that we put into our internships to ensure that the next generation of South Africans have the work experience that will enable them to be productive members of the economy.

What are your hopes for Business Partners Ltd's next 40 years?

To continue thriving and making a difference on the African continent, to continue enabling dreams of entrepreneurs to come true, to continue challenging the status quo to advance our continent by doing good.



MARIZA LUBBE Non-executive Director

Appointed: 22 February 2019. Qualifications: BA (SU).

Executive Director Compliance and Corporate Social Investments: Remgro Limited. Acts as Board member of Remgro Limited's wholly owned subsidiaries as well as the board of Historical Homes of SA Limited. **Committee membership/s:** NC (alternate), HRRC (alternate), SEC (from 19 August 2020).

What has been your proudest moment in your journey with Business Partners Ltd?

I am proud to have been part and remain part of a Board which focused on crisis relief during the Covid-19 era, a Board with a dedicated passion to support South Africa's small businesses through the allocation of funds, human compassion and recognising the role that SMEs play in developing our economy

What are your hopes for Business Partners Ltd's next 40 years?

For Business Partners Limited to make a difference in the SME space, to still be relevant, to assist in growing the South African economy, to be the SME investment partner of choice.



MARTIN MAHOSI

Non-executive Director

Appointed: 4 September 2019.
Qualifications: B Admin Hons (UL), BA (UNIVEN).
Chairperson: Sefa SOC Limited.
Committee membership/s: ARC (from 19 August 2020), NC (from 19 August 2020), SRC.

What has been your proudest moment in your journey with Business Partners Ltd?

I still consider myself to be relatively new to the Business Partners Limited Board. Even though I may not have the proudest moment, I'm pleased to be part of an organisation with such depth and capacity for sustainability.

What are your hopes for Business Partners Ltd's next 40 years?

For Business Partners Limited to become a conscious and significant player in economic transformation in the South African market whilst simultaneously making a significant contribution to sustainability of small and medium businesses for the ultimate growth of the continent.



MXOLISI MATSHAMBA Non-executive Director

Appointed: 8 February 2021.

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

Chief Executive Officer: Sefa SOC Limited.
Committee membership/s: None.

What has been your proudest moment in your journey with Business Partners Ltd?

I am proud of being part of this business funding entity with a deep history of supporting SMEs.

What are your hopes for Business Partners Ltd's next 40 years?

To be deeply entrenched in growing and supporting SMEs as the key driver of economic growth and job creation.



NEVILLE WILLIAMSNon-executive Director

Appointed: 15 May 2012.

Qualifications: BCom Hons (UWC), CA(SA). **Chief Financial Officer.** Remgro Limited.

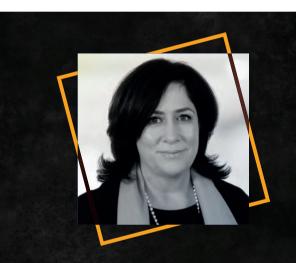
Committee membership/s: ARC (chair), NC, HRRC, SRC.

What has been your proudest moment in your journey with Business Partners Ltd?

Being part of the Board of Business Partners Limited during the Covid-19 pandemic in 2020 when Covid-19 relief was extended to business investments and property rental clients resulting in financial sustainability of these businesses and protecting jobs/reducing job losses, while simultaneously administering the R1 billion Sukuma Fund by extending Covid-19 relief to 1 303 SMEs and 2 634 Formal Sole Proprietors totalling R873 million.

What are your hopes for Business Partners Ltd's next 40 years?

To be the leading SME finance company in South Africa, adapting to the fast-changing world through innovation, digitisation and technological advancement.



OLGA KOTZE

Non-executive Director

Appointed: 16 August 2017.

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

Executive Director. etfSA Investments (Pty) Ltd. Director of companies.

Committee membership/s: ARC, BIC, SRC.

What has been your proudest moment in your journey with Business Partners Ltd?

Singling out only one moment is both difficult and easy. The way Business Partners Limited stepped up during the ongoing Covid-19 crises is testimony to the depth of compassion, superior skillset and dedication within the Company. The new and very difficult position the Company was placed in 2020, as a financier alone, would stretch any company in the same position but Business Partners Limited also took on the administration of the Sukuma Fund in a stellar way. Ethical leadership at its best.

What are your hopes for Business Partners Ltd's next 40 years?

To be the number-one, go-to business partner for a new generation. Understanding the new ways of business in a vastly different environment than when the company started out within the ageless vision of the founders.



THEMBA NGCOBONon-executive Director

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). Chief Executive Officer. Mashiya Capital (Pty) Ltd. Committee membership/s: SEC, BIC.

What has been your proudest moment in your journey with Business Partners Ltd?

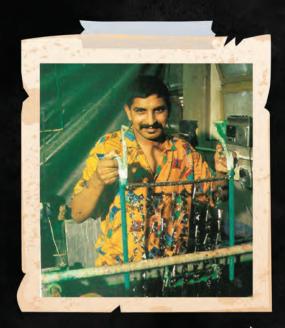
My proudest moment was being appointed to the main Board of the Company and seeing the increase in SME funding.

What are your hopes for Business Partners Ltd's next 40 years?

To continue to be the financier of choice for SMEs.

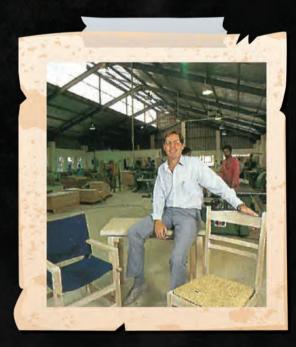
Key: ARC: Audit and Risk Committee • BIC: Board Investment Committee • HRRC: Human Resources and Remuneration Committee NC: Nominations Committee • SEC: Social and Ethics Committee • SRC: Strategy Review ad hoc Committee

OUR CLIENTS THROUGH THE YEARS







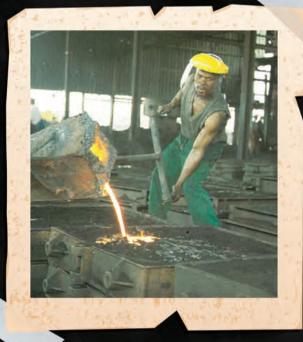


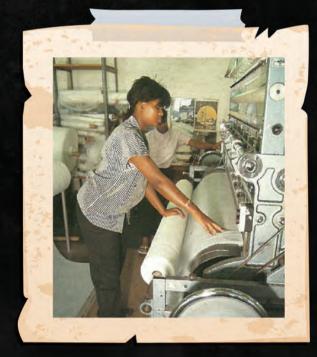


















BEN BIERMANManaging Director

BCom, BCom Hons, ACMA, HDip Tax, Advanced Management Programme. 31 years' service.

Refer to the Managing Director's statement on page 28 for Mr Bierman's message on the Business Partners Ltd's 40th anniversary



ANTON ROELOFSE

Regional General Manager: West Coast

BCom, Honours in Business Administration. 35 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

I have enjoyed many proud moments in the 35 years with the Company. One of them was the Sukuma Fund programme. In a very short space of time many businesses and jobs were saved, while the Covid-19 pandemic was at its worst. On the other hand, every time when we celebrate the success of one of our clients I am filled with pride! Our Entrepreneur of the Year® competition stands out as an event celebrating the greatness of SME businesses.

What are your hopes for Business Partners Ltd's next 40 years?

That we will continue to be the number one financier for SME businesses. By being number one, I hope we will be one of the leaders in transforming the business landscape in South Africa.



BYRON JEACOCKS

Regional General Manager. East Coast

BCom, BProc. 34 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

My proudest moment was during the Covid-19 pandemic when I was afforded an opportunity to play a role in the Sukuma Fund. The Sukuma Fund has positively impacted the lives of South African entrepreneurs and their staff and has saved many business from closing and thus saved many jobs which would otherwise have been lost.

What are your hopes for Business Partners Ltd's next 40 years?

My hope is for Business Partners Ltd to retain and grow its pivotal role in financing SMEs as well as being the voice of entrepreneurs in Africa. I hope it will grow in this role and become the knowledge leader in SME matters and thus the financier of choice for SMEs in Africa.



DAVID MOROBE

Executive General Manager: Impact Investment

BA, SED, Executive Development Programmes. 9 years' service.

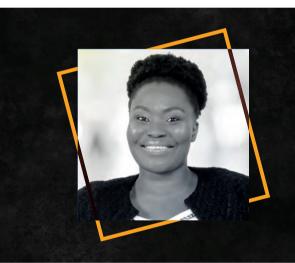
What has been your proudest moment in your journey with Business Partners Ltd?

My proudest moment has been the opportunity to invest in viable business concepts which were innovative and had capacity to create decent jobs. These types of investments brought the entrepreneurs' dreams to reality, and created sustainable jobs.

What are your hopes for Business Partners Ltd's next 40 years?

My hopes are for Business Partners Ltd to:

- retain its ethos, good governance, and strong execution ability.
- reach more deserving businesses across the continent and thereby create intergenerational wealth.
- leverage more strategic partnerships for the benefit of SMEs.



GUGU MJADU

Executive General Manager: Marketing

BA, BA Hons, Global Executive Development Programme, CPRP. 8 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

I am most proud of the work we are doing to improve how our clients and business owners in general experience us and access our services – it is a long and ever-evolving journey that I believe will have positive results for the Company for years to come. Our work rebranding the Company in 2014 and every celebration of entrepreneurial excellence through our Entrepreneur of the Year® competition are a close second.

What are your hopes for Business Partners Ltd's next 40 years?

My hope is that we fully understand and embrace the responsibility that has been bestowed on us as a team. I trust the Company can be the go-to financier for all business owners of South Africa and that how we treat them can leave positive memorable imprints on their hearts.



JEREMY LANGRegional General Manager: Inland

BCom, AGA(SA), EDP. 14 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

That great feeling of being part of a team that has assisted entrepreneurs in realising their dreams and thereby also contributing positively to the economic and social challenges we face as a country I feel this way with every entrepreneur we assist; the feeling never goes away.

What are your hopes for Business Partners Ltd's next 40 years?

My hope is that Business Partners Ltd continues to thrive and that it will grow from strength to strength to become the premier financier and supporter of SMEs on the African continent. My hope is for the Company to have a positive and long-lasting impact in the lives of many more entrepreneurs than it did in its first 40 years of existence.



KAREN LUMAKIS

Chief Risk Officer

B Com, B Com Hons, CA(SA), CIA 1 year's service.

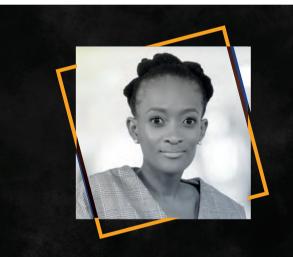
What has been your proudest moment in your journey with Business Partners Ltd?

3 April 2020 – on this day, the application portal for the Sukuma Fund went live. This portal gave SMEs and sole proprietors the ability to apply for relief funding after the country went into lockdown on 27 March 2020. More importantly, it gave them hope of financial assistance at a time of great uncertainty. Behind the scenes, in order for Business Partners Ltd to achieve this, countless colleagues worked long hours, doing what was necessary, irrespective of whether it was their responsibility or not.

What are your hopes for Business Partners Ltd's next 40 years?

For the last 40 years, Business Partners Ltd has been a beacon not just for SMEs but for those entrepreneurs who were disenfranchised and had limited access to funding to grow their businesses. The role that Business Partners Ltd plays within the SME industry is needed now more than ever, not only in South Africa but globally.

The success of SMEs is critical to providing employment opportunities; thereby uplifting those that have been left behind. My hope is that the philosophy and foundation that makes Business Partners successful in supporting SMEs is adopted and implemented globally. This way Business Partners Ltd will have a positive impact not only for South Africans but for the global community.



KGOMOTSO RAMOENYANE

Executive General Manager: Human Resources

BCom, Management Advancement Programme (MAP), MBA. 6 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

The roll-out of an enablement and engagement survey to all staff in Business Partners Limited South Africa and International operations – an important instrument in a journey to provide the best working environment and ultimately improve staff performance. Key milestones in this project included communicating the mechanics of the survey to staff, ensuring adequate response levels, presentation of results to all stakeholders and most importantly formulating and driving action plans.

What are your hopes for Business Partners Ltd's next 40 years?

A future with a truly diverse Business Partners Limited that embraces clients of all demographics through different product offerings and solutions.



MARJAN GERBRANDS

Company Secretary: Corporate Legal Counsel

BLC, LLB (cum laude), LLM, Certificate on Corporate Governance. 20 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

It was that worthwhile feeling of accomplishment after we successfully implemented the new Companies Act, 2008, which heralded a shift in South African company law. Our multi-dimensional implementation process met the technical requirements of the law plus recognised the interest of all stakeholders, elevated compliance and good corporate governance. It added meaningful business value to the organisation and our clients, which is aligned with our values and brand promise to our clients.

What are your hopes for Business Partners Ltd's next 40 years?

I have confidence that Business Partners Ltd will continue to be a profitable national asset underpinned by a sound ethical base and good corporate governance in every year of our future existence. May we retain our predilection for the entrepreneurial spirit of our clients.



MARK PAPER

Chief Operating Officer: Business Partners International

BCom.

29 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

I have been with Business Partners Ltd for several years now so have a couple of really proud moments, namely having my first client approval for a small biltong manufacturer in Richards Bay, opening offices in Madagascar and Kenya, and then subsequently seeing this expansion grow to four other selected African countries

Having said that, the proudest moment has to be being part of the Sukuma Fund programme, seeing the creativity and passion, both from our team in putting the programme together and from the SMEs out there in their efforts to ensure the survival of their businesses during this time of Covid-19.

What are your hopes for Business Partners Ltd's next 40 years?

We have experienced a truly remarkable journey over the last 40 years, having supported businesses through access to finance in 72 176 transactions, all of which has led to more than 658 379 jobs being sustained. My hope is that we can double and even triple these efforts over the next forty years, both here in South Africa and in other selected African countries



RAYNA DOLPHIN

Chief Financial Officer

B Com, PGDA, CA(SA), MBA. Joined 1 June 2020.

What has been your proudest moment in your journey with Business Partners Ltd?

I have been very proud of the way employees rallied together to deliver financial relief to our clients during the Covid-19 pandemic. There is a real commitment across the organisation to supporting our clients.

What are your hopes for Business Partners Ltd's next 40 years?

That Business Partners Ltd supports more entrepreneurs in fulfilling their dreams and that the company becomes the number-one provider of finance and support for SMMEs in South Africa and the countries that we serve.



STANTON NAIDOO

Executive General Manager: Property and Asset Management

N4 Electrical Engineering. 7 years' service.

What has been your proudest moment in your journey with Business Partners Ltd?

My proudest moment is not a single event, but rather a journey made up of multiple smaller moments. I would say that being entrusted with not only growing the business but also our people, is what I am most proud of. I believe that a legacy is not left in the results that you leave behind, but rather the lives that you have impacted.

What are your hopes for Business Partners Ltd's next 40 years?

I hope that we keep the essence of what makes Business Partners Ltd unique. Clients and tenants appreciate our sincerity and personal touch, while staff realise that we are truly a caring organisation. I believe that this is what will stand us in good stead into the future.



Nazeem Martin Chairperson

The symbol for a 40th anniversary is the ruby. This lustrous, deep red gemstone is considered to represent nobility, passion and energy, among other qualities. I can think of no better adjectives to describe this business as it celebrates its 40th anniversary in 2021.

From the outset, Business Partners Limited has pursued its purpose of supporting and empowering small businesses with passion, as well as the commitment to treat all stakeholders with dignity, grace and decency – the hallmarks of a noble approach to life and business.

I have been associated with Business Partners Limited for more than half of its existence, and am proud to say that the business

has retained the ethos, values and culture on which it was founded. Despite internal leadership changes over the years, and the transformations that our country and the world experienced, the organisation stayed true to its north star. I believe it is this constancy in the pursuit of its goals that fuels Business Partners Limited's sustainability and success.

To me, every year with Business Partners Limited is a remarkable year. Therefore, I see our 40th anniversary as a celebration of Business Partners Limited having proven that it is not only possible to survive in an incredibly challenging market segment, but that a business can thrive and be consistently profitable when providing risk finance to small and medium enterprises (SMEs).

Not many companies can lay claim to having been profitable in every year of their existence; Business Partners Limited has done so while enabling thousands of small businesses to also leave their mark on the economy.

Not that our journey was without challenges. Indeed, one has to look no further than the year under review to appreciate it. However, I believe that our business has developed the ability to not let a good crisis go to waste – a sentiment credited to Sir Winston Churchill.

In a crisis such as the global pandemic, economic activity slows to almost a standstill. Good businesses use this lull to focus inward and find ways to be more efficient and effective, and to reduce the cost of doing business. Business Partners Limited did this, but we were also in the singular position of having to innovate at great speed to deliver relief to our clients and, through the Sukuma Fund, to thousands of other South African entrepreneurs.

As a result of this dual process – looking inward and ramping up delivery capacity – Business Partners Limited is emerging from the economic adversity of 2020 better equipped to fulfil its mandate.

We also emerge from the year that was with results that are better than expected.

Operationally, the first part of the year saw depressed traditional Business Partners Limited activity, but the Sukuma Fund kept the team busy and invested in innovation. In the second half of the year, investment activity resumed and was better than we thought it would be. We were surprised by the ability of SMEs to bounce back, and were gratified to see it happening sooner than we expected.

Financially, our performance was buoyed by the fact that organisations like Business Partners Limited are particularly relevant when times are tough and SMEs need support. In addition, the commitment of our clients to maintain their repayments contributed to our financial results being better than anticipated, even though our arrears increased to 35,48 percent by the end of the year under review due to the prolonged presence of the Covid-19 pandemic.

Looking towards the 2022 financial year, I am cautiously optimistic. With SMEs having shown their resilience, and the management team having taken the Sukuma Fund lessons on board to refine the Business Partners Limited business model, we are well placed to do good business.

In fact, my hopes for the future have been amplified by how the Business Partners Limited team performed amidst the trying circumstances that marked the 2021 financial year. I now believe that we can exponentially increase the number of transactions we process in a year. By drawing on the lessons of the past year, we can continue to scale up, courtesy of the improved online application platform, while benefitting from our increased efficiencies.

Business Partners Limited is a national asset in South Africa, given our impact on the economy through the provision of risk capital to the sector that fuels economic growth. This role has to expand in South Africa, while we also spread our wings further into the rest of Africa. There is also no reason why our model cannot be replicated in other parts of the world.

Two trends support my confidence in the future of SMEs across the globe.

The first is signs that individuals are growing tired of being dictated to by national and multinational corporations. Calls for choice and individualism sound louder and louder, giving voice to a desire for bespoke instead of mass production, service and quality instead of cold efficiency. It is in this space that SMEs come into their own.

The second trend relates to advancement in technology, artificial intelligence, machine learning and digitalisation. These advances allow small businesses to compete like never before.

Combined, these trends support the existence of SMEs into the future, and with them, organisations like ours that are devoted to their prosperity.

In conclusion, it is my pleasure to thank the Business Partners Limited team for the remarkable way in which they executed on the company's vision and mission during a most trying trading period. The passion and enthusiasm with which team members at all levels delivered the Sukuma Fund were truly inspirational, and for that I thank and congratulate every member of the Business Partners Limited family.

My heartfelt gratitude to my colleagues and fellow Board members, as well as the members of the different Board committees, for your diligence in ensuring Business Partners Limited is well governed in adherence to sound business principles.

I also thank our shareholders for making available the funding that enables Business Partners Limited to have a positive impact in the economy.

Finally, I salute the entrepreneurs in the SME space who continue to run their businesses, even under the most adverse conditions, and continue to do business with us.

N Martin Chairperson



Ben Bierman Managing Director

Celebrating our 40-year milestone

Forty years are both a long time to be in business, and the blink of an eye.

Looking back on our journey as a company, one cannot help but to be inspired by the many and varied accomplishments. I, for one, am filled with appreciation for the people who went before us and

the amazing business they built.

However, I am also filled with an immense sense of responsibility towards the legacy with which they entrusted us. Not only must we honour it, but the social realities of our world demand that we harness and leverage our rich history to make a real and lasting difference. We cannot merely keep this vessel handed down to us afloat; we have to set sail for new horizons as we work to leave the world in a better state than what we found it in.

Business Partners Limited was originally created as an instrument to address a market failure that showed up as a lack of institutions willing and able to provide small business with the funding that fell outside the remit of traditional financial institutions. We successfully established a channel of access to finance where nothing existed before, and other financiers followed in our footsteps.

In 2021, however, we are faced with a social failure more than an economic one. The hardship wrought by unemployment, inequality and the economic exclusion of a large part of the population, demands of us to be an instrument of social renewal.

Therefore, while it is appropriate and necessary to pause and take pride in our 40th anniversary, our awe at what has been created must be brief. It must be a moment of reflection from which we draw inspiration for the task before us, which is to repurpose our legacy so that we can address the social challenge we face.

The pillars on which our past successes were built, remain valid for the future:

- A strong and unwavering focus on small businesses and how to facilitate their success.
- The persistent appreciation for, and nurturing of, clean governance, integrity, and sound business principles.
- Loyal and resilient shareholders who, through upward and downward economic cycles, retained their understanding of Business Partners Limited's role and support for what we wanted to achieve. Their longterm commitment enabled us to stay the course.
- The people who stay with us and pledge their passion and commitment to the work we do, and derive personal meaning from the outcomes we achieve. Our philosophy comes to life in the people who work here and their belief in the difference we make.

Standing here in our 40th year of existence, I am proud that the latest business school buzzwords, such as shared value and impact investing, have been in our ethos all along. We may not have had the vocabulary, but we knew from the outset that the fine balance between risk and patience delivers outcomes that benefit the business and its clients in equal measure.

2020/2021 in review

This balance dictated our focus in the 2021 financial year.

During the first quarter, we channelled all our efforts into relief for our clients and the Sukuma Fund beneficiaries alike.

Then, as we emerged from pure crisis mode, the focus shifted to limiting the downside impact of the pandemic by supporting our existing clients to remain afloat and, where possible, stimulate economic activity by enabling them to make use of opportunities that arose. In addition, we remained available to give new clients access to the capital that would enable them to claim their place in the economy.

As a business we focused on improving our systems and processes, instead of increasing capacity. Despite having an overarching long-term growth strategy, the year under review was not about growing our book and grabbing market share. Our focus was to sustain a holding pattern in an environment riddled with uncertainty and risk.

Within this holding pattern, however, three factors emerged as highlights.

The first was the strength and resilience of the entrepreneurs we work with. Time and again business owners surprised us with the innovation they brought to the task navigating the Covid-19 crisis and protecting their businesses.



The mothers, the heroes

The extraordinary time that was hard lockdown demanded an extraordinary effort from many people, none more so than mothers. This little anecdote shines a light on the juggling act that played out in countless homes every day, and which allowed the delivery of business results, while children's schooling continued, meals appeared on dinner tables and the laundry was

On a weekday during hard lockdown, a highly technical, deeply analytical discussion was taking place between a professional woman and her manager. She was at home with her three primary school children, her husband somewhere on the African continent working at a mine. Thanks to loadshedding she had no wifi, but resolved the problem with a hotspot created on her mobile phone.

Without warning, the discussion was interrupted with a shout ("Riaan!"), followed by a breakdown in communication. Within minutes, though, the woman was back online, briefly explaining that her youngest son had snatched her phone and ran away with it. All in a day's work when work is also home.

How did they do it, these women? The rest of us will never know. Suffice it to say that we stand in awe of the mothers.

The second was the flow of quality financing transactions we could conclude. Clients who under different circumstances would have received red-carpet treatment at the traditional financiers, came to us with excellent investment propositions.

The third was the creativity and agility with which the Business Partners Limited employees met challenge upon challenge. They exhibited the most astounding spirit in coping with adversity, leaving us as leadership in awe.

Outlook for the 2021/2022 financial year

Covid-19 has wreaked irreversible change on the world, and a return to "business as usual" is out of the question. In this changed world, we have to redefine our role. The world can no longer afford a cautious, incremental approach to addressing social inequalities, and we have a considerable contribution to make in how we support SMEs.

As an organisation, we are obliged to embrace our role as a catalyst for change in the SME ecosystem in South Africa and the rest of our continent. The challenges we face are an order of magnitude bigger than anything in these past 40 years, but backed by the talent and support we have, we step up without question. In this process, our focus is also on refining and expanding the remarkable operating model that has fuelled our growth since 1981.

Our plans for 2022 centre on recovering as soon as possible from the disruption and negativity that Covid-19 brought, and on restoring a sense of normality to our business functioning. To this end, we focus on three areas:

- 1. Manage and mitigate our credit risk.
- 2. Restore our profitability to pre-pandemic
- 3. Increase our investment activity cautiously and in a way that ensures a transformative impact on the SME sector.

But we are also casting our minds to a more distant horizon. Looking beyond 2022, the Board process aimed at clarifying and affirming a medium-term strategy able to deliver even better outcomes, is progressing apace. We are putting the lessons from Covid-19 to good use as we contemplate the post-crisis landscape and, more importantly, the future we want to build for ourselves as a business.

Thank you

In conclusion, I revel in the task of expressing my appreciation and gratitude, firstly to the Business Partners Limited employees. As the leader of a business team, much of one's time is devoted to creating a motivating and rewarding workplace. The past year, however, showed that nothing motivates people like a goal and a purpose in which they believe.

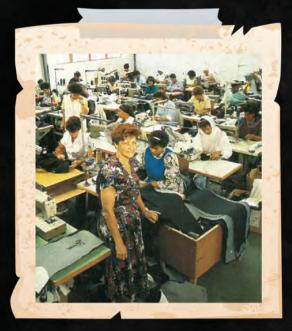
When South African SMEs – clients and non-clients alike – needed our support, our employees did not ask how they would be rewarded for any additional effort. They simply pulled on their boots and walked the extra mile, and the next mile, and the one after that. It was immensely inspiring to see human beings passionately devoting their skills, talents and knowledge to doing good and making a difference.

My second word of thanks goes to our clients. Your resilience, optimism and energy over the past year motivated us to keep going. Thank you for giving us the continued opportunity to contribute to our society.

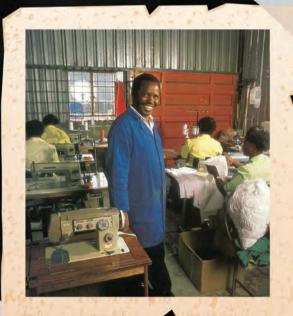
The pandemic and the disruption it caused will live in our consciousness forever. However, I am grateful that my most abiding memory of this time will be the courageous and wholehearted response of the people I worked with.

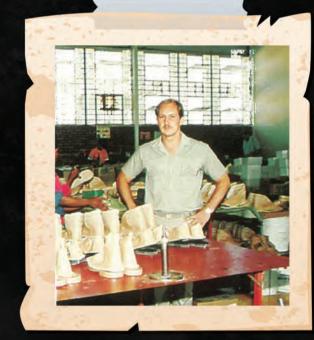
Ben Bierman

Managing Director













OPERATIONAL PERFORMANCE REPORT

Operating Environment: Economic and Competitive Context

During the 2021 financial year, three factors had a material influence on our operational performance. These were the Covid-19 pandemic, the continued stranglehold of loadshedding on economic growth and business recovery, and the reality that good economics depend on good politics.

Each factor on its own, as well as the interaction between the three, influenced our decision making and determined how we managed our internal and external environment. In all instances, we were guided by the principle that our product and service offerings have to support our clients as constructively as possible given the context in which we all trade.

Asset and Property Management

When the Small Business Development Corporation (SBDC) was established in 1981, our property portfolio consisted of 91 assets, valued at R31 million, that was transferred from the from various government agencies, including the Industrial Development Corporation (IDC). These included shopping centres, garages, factories and even cinemas.

A further 42 assets still under construction, with a value of just more than R15 million, also came into the new entity's books.

While the oldest properties in our current portfolio were transferred from different institutions when the SBDC was established, we have since then made investments to grow our property portfolio for the benefit of entrepreneurs/tenants.

At the start of the 1980s, the Company started to construct single factories in various areas of the country. The Rustenburg Factories in North West province was one of the first developments to be completed and it remains in our current portfolio. Completed in 1982, the 15 premises have been in use ever since. In recent years, seven units were sold to the tenants; the remaining eight are still well maintained and rented to tenants, some of whom had leased and occupied their units for more than five years.

Given our property ownership motivations, it is not surprising that another of our first developments was the Orlando West Industrial Park in Soweto, which was home to 34 small industrial tenants, ranging from carpenters and welders to printers. With this investment in Soweto, Business Partners Limited (SDBC then) was one of the first companies to provide black business owners with an opportunity to rent business premises in apartheid South Africa.

OUR TOP 5 OLDEST PROPERTIES 1 Noll Ave Ind Park, Athlone, Cape Town 2 Retreat 10th Ave, Cape Town 3 Johnson Rd Ind Park. Athlone, Cape Town 4 Hein Rd Ind Park, Athlone, Cape Town 5 Austerville Factory, Durban

Today, 40 years later, our property portfolio is valued at R1,67 billion, and comprises mostly of premises for small industrial enterprises and neighbourhood convenience malls. Our portfolio is different from four decades ago (no more big screens, for one thing!), but it still serves the purpose of giving entrepreneurs high quality, reasonably priced premises from which to operate their businesses.

In fact, it is this very change in investment mix that has rendered us relatively robust against the ravages of Covid-19. Our industrial-type tenants escaped the punitive impact suffered by the services industry, and neighbourhood convenience malls generally weathered the lockdown storm better than the mega shopping centres. In addition, our office space exposure is largely limited to premises occupied by our own employees.

During the year under review, the income yield on our property portfolio was 7,9 percent (2020: 10,4 percent); the

SMALL BUSINESS DEVELOPMENT CORPORATION

The driving forces behind the SBDC owning and managing a property portfolio are the same three motivations that drive Business Partners Limited to this day:

- To provide fledgling small enterprises with reasonably priced leased premises in areas where a shortage of suitable accommodation exists.
- To promote private ownership of business premises by erecting buildings for leasing with a view to selling them to small business entrepreneurs once they have acquired sufficient capital.
- To provide practical business advice to tenants in cooperation with other bodies providing services of this nature.

total yield came to 9,4 percent (2020: negative 3,8 percent). Given the disruption of Covid-19, we are pleased with this yield performance.

The increase in the average vacancy rate for the year – 9,9 percent compared to 5,2 percent during the 2020 financial year – was to be expected. The pandemic forced many businesses to close and many more to downsize. To some extent, we benefitted from the downsizing trend as new tenants moved into our smaller units. In addition to increased vacancies, we have seen a preference for shorter term leases.

Rental arrears followed a similar pattern, increasing from 23,7 percent as at 31 March 2020 to 67,7 percent at 31 March 2021. It is important to note that the sharp increase is more indicative of backlogs in the legal system than a rising number of defaulting clients. We are, therefore, not unduly concerned about this indicator and are confident that as soon as the appropriate legal steps had been taken against defaulters, rental arrears will return to acceptable levels.

Our role as both prudent investor and compassionate landlord, prompted us to take swift action to provide tenant relief during the hard lockdown of 2020. Existing tenants benefited from R12,4 million in rental reductions and zero-rated increases. National tenants that did not meet our relief criteria but required cashflow relief, benefitted from rent deferral agreements.

The combination of our investment mix and support for our tenants, played a significant part in our portfolio's resilience, as reflected in our average vacancy rate that trended between 3,0 percent and 7,0 percent below the market average.





Business Investments Performance

In our first financial year (1981/1982), known as the SBDC then, we approved 188 investments to the value of R11,2 million; in 2021, we approved just over R744,3 million in what was in effect a six-month year. Over the past 40 years, we have remained 100 percent focused on the SME market and have grown in our knowledge and understanding of our clients, as well as our ability to support them. Our ability to make an impact has kept pace with the growth of our loan book.

The 2021 financial year was a year of two halves. During the first six months, we dealt with Covid-19 and the impact of the lockdown on SMEs specifically. Small businesses were fighting for survival, battling to pay their fixed overheads and looking for funds to assist them. Most of our efforts were directed at providing relief to existing clients, and managing and administering the Sukuma Fund that provided relief to SMEs who were non-Business Partners Limited clients.

The second half of the year was a matter of recovering and returning to our normal business, which is providing growth finance for new and existing SME clients.

This does not mean that the second half of 2020 was business as normal. Although the market still presented opportunities for SMEs to grow and expand, many business owners were reluctant to take on debt due to the severe uncertainties and lack of clarity regarding Covid-19. In response, we revised our budgets for the second half of the year, based on our assessment of what the remainder of the financial year might hold.

Considering the operating environment, our overall operational performance was satisfactory. In contrast to normal years, our performance during the year under review can be divided into three parts.

(A) Normal Business Investments

During the 2021 financial year, the investment portfolio still grew by 1,3 percent, from R3 183 million (2020) to R3 229 million, despite the contraction in the economy. We approved 285 investments (2020: 264) to the value of R744,3 million (2020: R1 089,5 million), and disbursed R570,6 million (2020: R895,1 million). It is

worth noting that our expectation for the 2021 financial year was to exceed R1 billion; Covid-19, however, put paid to that ambition.

Regrettably, disbursements to black-owned and women-owned businesses alike decreased compared to the previous year. This can, in part, be attributed to the Covid-19 relief programmes that became available to black-owned businesses in the year under review. Disbursement to black-owned businesses amounted to R222 million, representing 39,9 percent (2020: 48,9 percent) of total disbursements, while disbursements to female-owned businesses amounted to R204,1 million, representing 36,6 percent (2020: 40,4 percent).

Jobs facilitated for the year totalled to 10 515 (2020: 11 648), no small feat in a year when over 500 000 people lost their jobs in South Africa.

Not surprisingly, the quality of our loan book deteriorated in the face of Covid-19-induced market disruptions. We closed the year with 35,5 percent of loans balances in arears, compared to 22,6 percent in the previous year.

Our Technical Assistance Programme, which provides interest-free loans to SMEs for technical interventions that will improve their operations, disbursed loans to the value of R5,0 million (2020: R11,6 million). We anticipate an increased demand for the Technical Assistance Programme in the new financial year as entrepreneurs deal with the impact of the Covid-19 pandemic on their business processes and systems.

In the 2020 financial year, education was our standout sector; in the year under review, it was one of the hardest hit. With parents hard pressed to pay school fees and/or reluctant to send their children back to school, the sector struggled. Other sectors that were crippled by the pandemic were hospitality, tourism and, in particular, events. As the economy reopened, manufacturing and the services industry and, to some extent, retail recovered well.

(B) The Sukuma Fund

Business Partners Limited administered the Sukuma Fund on behalf of the donors to provide financial relief to businesses impacted by Covid-19. The Fund supported beneficiaries in two ways:

- Soft loans to SMEs: R807.1 million.
- Survival grants to formal sole proprietors: R65,8 million.

A total of 6 571 SMEs and sole proprietors benefitted from the Sukuma Fund. The real champions of the Sukuma effort were our employees who stepped up and took the plight of the SME community, and the effort to alleviate its hardship, to heart. Their tireless efforts, which included the development of first-class systems and processes, made a world of difference to thousands of South Africans.

(C) The Business Partners Limited Relief Programme

As our clients could not benefit from the Sukuma Fund, we designed our own relief programme, consisting of three elements:

- Payment relief for clients who could not keep up with their instalments: R138,9 million.
- 2. An interest discount for clients who were in good standing and honoured all the commitments as they fell due: R6,6 million.
- 3. Relief Fund loans for clients that needed help to cover overheads: R62,7 million.

In total, the value of the Business

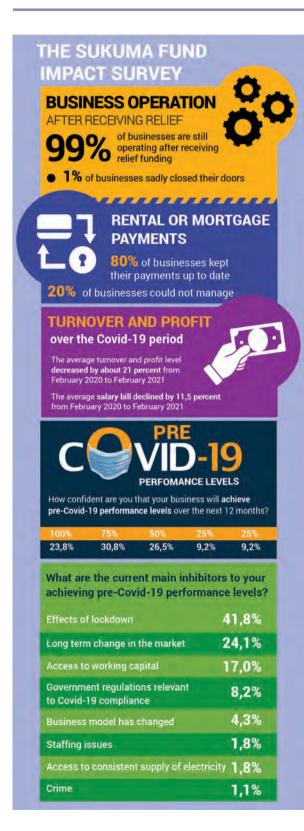
Partners Limited Relief Programme amounted to R208,2 million from which 670 of our existing clients benefited.

This overview of our business investment activities illustrates the remarkable level of performance Business Partners Limited maintained during the year under review. While many companies and individuals did less during the worst of the Covid-19 lockdown because of the restrictions imposed upon them, we had to step up and deliver much more. In total, our team placed just over R952 million in the hands of South African SMEs through a combination of our normal operations and relief efforts.

The full impact of Covid-19 on the economy is still unknown. As it does with human health, Covid-19 is expected to cast a long shadow over the global economy. In this context, the role Business Partners Limited plays to finance and support SMEs has never been more relevant. We will remain a key contributor to building and rebuilding SMEs as they grapple with the impact of Covid-19. Our 40-year track record proves that we play the long game, a quality that is now more important than ever.

Our founding philosophy, which is to finance and support viable SMEs, will not change, but our Covid-19 experiences will definitely impact the mechanics of our business. Fast-tracked due to the Sukuma Fund, we developed systems and processes to provide SME support at scale. These innovations will be part of our model going forward. What was an emergency strategy, is already becoming part of our operational model.





Development Impact Initiatives

A business like ours is more than its bottom line. For us, that "more than" is impact, which we define as enabling entrepreneurs to create wealth for themselves and job security for those they employ.

Our development impact initiatives fall into five broad categories.

(A) Our *supplier development programme* has been running for at least three years, starting in December 2017 when the Financial Sector Codes were gazetted. It serves a threefold purpose: support small black suppliers to grow and be sustainable, develop and improve the diversity and efficiencies of our own supply chain, and strengthen our BBBEE scorecard.

Emerging suppliers typically render services such as cleaning, catering, photography, training consulting and electrical maintenance at our offices across the country. The development process starts with a gap analysis to determine a supplier's areas of improvement, based on which a growth plan is developed. Growth plans address shortcomings as varied as financial management, marketing and industry certification, and are put in place for an agreed-upon period to achieve clearly defined outcomes.

A group of Business Partners Limited's mentors are assigned to this process and suppliers are selected and supported in the regions where we operate. Every year, we support between 12 and 16 suppliers across our business units.

The amount allocated for supplier development is calculated at 2 percent of the net profit after tax for the prior year, which for the year under review amounted to R55 million. As such, our target for supplier development was R1,1 million, and we are proud to report that it was achieved. As a result of this investment, 13 suppliers are now better equipped to expand and no longer rely on one client only.



We look at jobs created with each investment; as well as women- and black-owned SMEs by number and value. True development only occurs when local people participate in the economy, hence we look at all investments through the impact lens.

When President Ramaphosa announced the nationwide lockdown in March 2020, Natalie Gabriels, a photographer, knew that her corporate and events photography business would be hit hard.

Like many other local business owners, Natalie was initially anxious about the uncertain future, but she soon realised that a reflective hiatus was exactly what her business needed, thanks to advice and guidance from her mentors secured through the Business Partners Limited Supplier Development Programme.

Natalie got into the Supplier Development Programme by virtue of her taking the photos for Business Partners Limited's 2018 SME Toolkit Regional Awards ceremony in Cape Town. After admitting that she knew very little about running a business, we ended up linking Natalie with two mentors — one as a business coach and the other as a photography mentor.

As part of the Supplier Development
Programme, Natalie received funding
to develop a new business website and
assistance to get all of her business' financial
information organised and up to date.

Having taken both of her mentors' advice to heart and put in the hard work required, Natalie says that lockdown has been a journey of transformation, discovery and introspection. "Covid-19 has changed the events industry forever and, as a photographer, I've had to adapt. While difficult at times, this time off has made me more business-minded and changed my mindset accordingly, to value my work more and better maintain my brand.

"But I couldn't have done any of this without my two mentors, Reinhardt Lohbauer and Sedick Jappie, who taught me how to build my brand and business, without losing myself and what I stand for in the process," she reflects. (B) Entrepreneurs need more than financing to succeed; in many cases, lack of information and knowledge is an even bigger hurdle.

In the early days, Business Partners Limited addressed this need through a call centre staffed by retired business owners who answered questions and gave advice, and training centres where company representatives shared information and skills training. Today, our *SME Toolkit* 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 3.8 million visitors since inception.

Developed initially in partnership with the International Finance Corporation (the IFC), this online platform includes HR guidelines, legal guidelines, marketing case studies and advice, and business planning tools, among much else.

During the 2021 financial year, more than 200 000 people visited the SME Toolkit and viewed more than 300 000 pages. Many of these visitors might become Business Partners Limited clients in future, as we find that with the help of the Toolkit, entrepreneurs can prepare their business for formal investment.

- (C) Entrepreneurs who need more than what the SME Toolkit can provide, have the option to contact the *Entrepreneurs Growth Centre* where two contracted mentors (retired entrepreneurs themselves) respond to phone calls and emails. Support varies from assistance with applications and assessment of business plans, to responding to enquiries as a result of marketing drives or application follow-ups. Usually, the centre handles between 13 000 and 15 000 enquiries per year; in 2020, the volume jumped to almost 40 000, due to the Sukuma Fund
- (D) *Enterprise development* is a category that includes funding with more lenient lending criteria and lower interest rates, with transformation as the stated intent.

This area includes our Technical Assistance Programme, offered in partnership with the Swiss State Secretariat for Economic Affairs (SECO), which provides clients with interest-free loans to finance technical interventions that improve their operations.

It also encompasses our environmentally conscious investments. Having joined the Green Outcomes Fund, a joint

project by the World Bank, the Bertha Centre for Social Innovation and the Jobs Fund (among others), we have set aside R112 million to invest in green SMEs. The fund came into being at the start of the financial year and traction was slow due to Covid-19. However, by year end, a number of projects were undergoing due diligence.

(E) The annual business plan competition is part of our *socio-economic development programme* and leverages off the SME Toolkit. Over the past 11 years, more than 3 000 aspiring entrepreneurs have entered the competition. Several winners and finalists have gone on to achieve considerable commercial success, buoyed by the cash prize and the mentorship voucher they have won to help implement their plans.

The competition process entails free workshops where entrants are guided through the intricacies of developing a credible business plan. About 30 percent of entrants ultimately submit business plans, from which regional winners and an overall national winner are selected.

2020 was a difficult year for the competition as we could not host face-to-face launch events and workshops. However, online events yielded 300 entries and 50 business plan submissions. The year's winners were announced on 9 March 2021 during an online event:

- National winner: Tshifhiwa Munzhelele, owner of Tutling (Pty) Ltd originally from Limpopo and based in Cape Town, for his innovative peer-topeer tutoring business.
- First runner-up: Sine Shabalala of One Way Recruiting based in Durban for her newly formed recruitment agency.
- Second runner-up: Sinenkosi Mntambo of SNE Natural Skincare based in Richards Bay for her skincare business.

The competition remains a beacon of impact, given the multiple benefits that come from every business that succeeds. It is good for the business owner, good for his or her community, and good for the country.



Mmabatho Mokiti would have survived in business – probably even thrived – without the advice and guidance of a mentor, but this entrepreneur from Johannesburg is adamant that signing up with a professional business advisor after being announced as the first runner-up in the SME Toolkit business plan competition was one of the best things she did since starting her business three years ago.

Freshly graduated in maths and chemistry from the University of Johannesburg in 2010, Mmabatho launched herself straight into her own business called Mathemaniacs, a maths and science education service. She knew it was – and still is – the more difficult path to take to financial and career success. Making use of a business mentor was an important step she took to make the difficult journey easier, she says.

The programme had a life-coaching component and she found herself having monthly sessions with a coach — something she would previously have dismissed as mere "therapy". The effect was dramatic. It changed her view of herself as a small one-person show to that of a true entrepreneur driven to build something big. "It helped me to take my business really seriously," she says. "It awakened the giant in me."

Business Partners International

When we presented our 2021 financial year budget to the Board on 20 March 2020, Covid-19 had not yet reached the countries in which we operate. It was clear from reports from other parts of the globe that the virus was serious, but we could not even begin to imagine – let alone appreciate – its eventual impact.

The traditional budget we presented was approved by the Board on condition that it would be reviewed if necessary. Very soon, we realised that traditional was no match for a global pandemic.

The first six months of the financial year (April to October) saw no new investment activity in our geographies; all activity was geared to providing clients with relief. As investment activity resumed from September 2020 onwards, we felt confident to presenting a revised budget to capture the second six months of the 2021 financial year.

Against this backdrop, the Business Partners International team did reasonably well to deliver the results that were targeted in the revised budget. Uganda was, unfortunately, a downside outlier and achieved only 48,0 percent of its target. In comparison, Kenya and Rwanda both returned results that met or exceeded budget.

Overall loan approvals, in terms of number of investments, were 4,0 percent below budget, while disbursement values were 28,0 percent below budget.

A highlight is the fact that we exceeded our technical assistance approvals budget by more than 100,0 percent. This reflects that while we were reluctant to make new investments, our focus on helping clients prepare their businesses for improved performance was appropriate.

In terms of financials, the quality of portfolio deteriorated by 9,26 percent compared to March 2020, and our credit loss provision rose from 20,0 percent to 22,0 percent of portfolio. Although not pleasing, this performance was to be expected given the severity of the lockdown positions in Kenya, Rwanda and Uganda, and the impact of Covid-19.

Jobs facilitated exceeded the revised budget by 343,0 percent, mainly due to one very large investment in a labour-intensive business in Uganda. Aside from that, our expectation of fewer emerging businesses applying for investment resulting in fewer jobs facilitated, was borne out.

We are proud that 100,0 percent of all businesses financed in the year were indigenous, but we regret falling short of our targets for both women-owned businesses and enterprises outside of urban areas. Against a target of 30,0 percent in both instances, only 22,3 percent of businesses were women owned and 8,3 percent were in rural areas. The latter is understandable given that Covid-19 restrictions limited our teams from traveling to remote areas.

Hard-hit Sectors

Two sectors in our portfolio were particularly hard hit, namely education and hotels and accommodation.

At 14,4 percent of our total portfolio, the shutting down of the education sector had a material impact on our performance. Schools are capital-intensive investments and when their functioning is disrupted, the impact on returns is immediate. We realised that hands-on support was imperative to save the schools, especially because their functioning was determined by government decree. In some of our geographies, schools were closed from April to November 2020 but in Rwanda, for instance, education only resumed in January 2021. Given the risk of unpaid teachers finding employment elsewhere, thus making it impossible for schools to reopen, we provided relief working capital to ensure the survival of the schools in our portfolio.

In the hotel and accommodation industry, both conferencing and accommodation for tourists and foreign workers dried up virtually overnight. We also worked closely with these business owner clients to ensure survival, with support ranging from relief finance to brainstorming ideas to keep the doors open. The latter included providing accommodation to Covid-19 healthcare workers.

Where businesses did well, it was because of the entrepreneur's personal qualities and/or the underlying financial health of the enterprise.

Relief Efforts

The support we offered our clients took the form of payment relief and financial support (relief funding) that replicated the Sukuma Fund model.

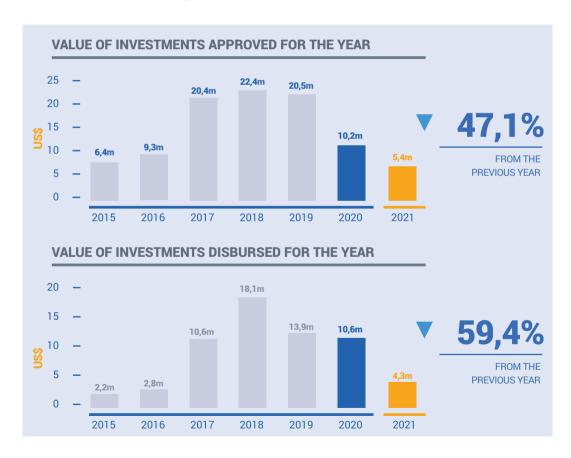
The payment relief was a four-month payment holiday rolled out in early April and May 2020. In certain circumstances it was extended beyond the four-month window, especially where government guidelines dictated when business activity could resume.

Clients who chose to not take the relief, and continued to meet their monthly payment obligations, received a 4,0 percent rebate on their interest over that period. Clients who wanted to continue paying but could not afford the full amount, were allowed to only service the interest portion of their loans, and received a 2,0 percent rebate if they maintained

their payments. Clients who could not pay at all, were given exemption of capital payments for the period of distress, leaving them with only accrued interest to settle once they started trading again.

The relief funding, which was modelled on the Sukuma Fund in South Africa, was for our clients only. They could apply for a working capital facility pegged at US\$50 000, with no interest in the first 12 months and instalments only commencing in month 13. The relief funding was bolted onto their existing facility with us.

As we recover from the devastation, it is a challenge to distinguish between and respond appropriately to the can't-payers and the won't-payers. Ensuring repayments due are received on the one hand, and exercising patience and compassion on the other, is a delicate balancing act.



Initiatives for the 2021/2022 Financial Year

In setting our targets and expectations for the new financial year, we recognise that Covid-19 remains a reality and will cast a longer shadow than anyone originally thought. However, we also recognise that business has to go on, hence we have set ourselves fairly ambitious targets for investment activity; the focus is once again more on growth capital and less on relief capital.

The new financial year sees us implementing two initiatives of which we are particularly proud.

In East Africa, the Second Chance Programme entails a review of all business finance applications that were rejected within a specific timeframe. The goal is to identify women-owned businesses that, with intensive technical, pre-investment support, can qualify for Business Partners International financing. The businesses that are deemed too immature, will receive light-touch, basic SME training to give them a better shot at success. A far more intensive programme of technical assistance support will be offered to those businesses that, through this support, can become investment ready. The programme is implemented in partnership with USAID and MEDA (Mennonite Economic Development Associates), a Canadian-based international economic development organisation and shareholder of Business Partners International.

The second initiative is a spin-off from the Sukuma Fund success in South Africa. Prospero Ltd, a Zambian company, recently put out a tender to provide Covid-19 relief funding to SMEs in the country. On the strength of our Sukuma Fund experience, Business Partners International was awarded the business. Although only about 50 businesses will ultimately receive support due to funding constraints, it is most encouraging that the Sukuma Fund is being recognised beyond South Africa. We hope that this is only the start of further replications of the model in Zambia and beyond.

Risk Management

Having realised the limitations of a risk management process that does not harness all the resources available to it, we have in recent years formalised

risk management into a central function. A team was appointed to guide Business Partners Limited in its shift away from managing risk within individual departments to an enterprise-wide approach. A significant benefit of a risk department is the enhanced use of data to better understand and quantify risk, and to assess risk not only in terms of negative impacts but also opportunities.

Principle 11 of The King IV Report on Corporate Governance for South Africa (King IV) places the responsibility on the board of directors to govern risk "in a way that supports the organisation in setting and achieving its strategic objectives". The recommended practices of King IV expands on this principle in that the board should evaluate and agree the nature and extent of the risks that the organisation should be willing to take in pursuit of its strategic objectives. The board should approve, in particular, the organisation's risk appetite.

In line with the recommended practices, the main task of our risk management team during the year under review was to formalise and implement the risk appetite statement of Business Partners Limited. The statement provides measurable criteria against which management can be held accountable for the amount of risk taken.

We identified seven main risk categories, namely, strategic risk, enterprise-wide risk, financial risk, operational risk, legal and compliance risk, reputation risk, and environmental and social risk. Each main category has its own sub-categories. A risk appetite (being the boundary of the acceptable level of risk) was assigned to each risk sub-category.

It is important to note that the risk appetite statement is not about being right or wrong; it is rather about aligning behind a view that is considered appropriate by the board of directors. As we continue to track and measure our risks, we fully expect the metrics we apply to evolve and improve.

Our task in the financial year ahead, is to convert our wealth of historic data into business intelligence.

The goal is to use what the data tells us to supplement and enhance human experience. By using the information contained in at least 20 years' of business performance data, we can draw on the past to help us anticipate the future.

While Business Partners Limited will never be an investor that takes financing decisions based on clinical, electronically generated scorecards, our aim is to enrich our decision-making process and, in so doing, better understand and manage our risks.

A further shift in our risk management approach relates to recognising opportunities. Risk not only lies in negative events and outcomes; it also lurks in opportunities that are missed. One has to look no further than Nokia and Kodak for cautionary tales in this regard.

To this end, we have identified specific goals and objectives in the context of our existing strategy, and have started reporting to the board on the progress the business is making in pursuing the opportunities in the market.

The Covid-19 pandemic has confirmed the necessity of our risk management journey. It has underlined the importance of a holistic risk perspective and the ability to recognise opportunity and act on it.

Now, more than ever, a business has to understand all its critical touchpoints and have plans in place to weather events that may impact one or more of them. We are confident that our risk appetite statement, combined with the widening of our risk management lens to include opportunities, is strengthening our ability to deal with life's surprises.

NUMBER OF JOBS FACILITATED

2020: 3 825

568 2019: **2510**

Our Human Capital

We are proud to report a successful first year of implementation of our three-year employment equity plan. The uncertainty introduced by Covid-19 prompted us to reconsider our recruitment efforts: hence it was not possible to fill planned and replacement vacancies. As a result, we ended the year with a staff complement of 245 against a target of 258 in South Africa. Despite this, we achieved our target of employing five people living with disabilities, and women comprise 60 percent of our workforce. In terms of black employees, we achieved 70 percent against a target of 69 percent.

In pursuing a fully representative workforce, we intend to be more deliberate about bringing Business Partners Limited to the attention of talented individuals. Much recommends our organisation as a preferred employer, and we aim to shine a brighter light on these qualities.

Training and skills development is part of the Business Partners Limited employee value proposition. In line with this, numerous employees attended in-house and short courses throughout the year. In addition, we actively contributed to the development of employees as follows:

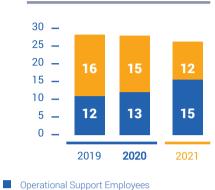
- 8 people receiving sponsored education/bursaries
- Enrolling 17 CIMA trainees
- Enrolling 2 graduate interns
- Providing 7 SAICA trainees with practical experience as part of their training to become chartered accountants (CAs).

A total of R3,36 million went towards the development of employees during the 2021 financial year.

Employee Statistics

BUSINESS INVESTMENTS 150 _ 120 _ 90 _ 80 71 60 -30 — 40 39 46 0 _ 2019 2020 2021 Operational Employees

PROPERTY MANAGEMENT



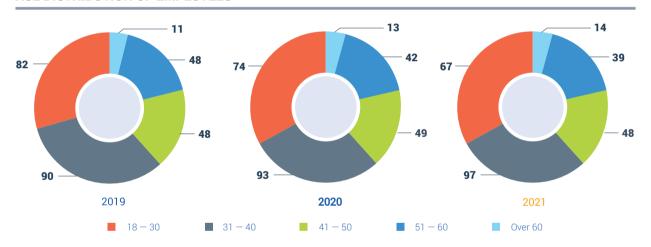
OTHER DIVISIONS



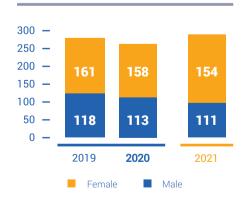
Business Partners International

Corporate Services

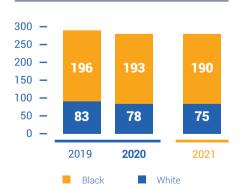
AGE DISTRIBUTION OF EMPLOYEES







COMMUNITY PROFILE



TOTAL EMPLOYEES



A particular highlight of the year under review was the change management process in the Finance Division. Following a nine-month recruitment process our new finance executive joined during June 2020. The Human Capital team worked, first with the acting CFO and then the new incumbent, to prepare the team for change. We facilitated the optimal organisation design for the division, conducted leadership training and took the broader team through a change management session.

This focused effort ensured buy-in and alignment, and created team-wide support for a new vision for the Finance team. These changes auger well for our strategy for capital growth and to raise finance.

In the early part of the year, much of the Human Capital team's efforts were devoted to dealing with Covid-19 impacts. Clear, consistent and frequent communication was needed to communicate the company's position on matters such as the practical implications of lockdown, medical cover and the effects of the pandemic on retirement investments. Managers required support to lead remotely and we conducted workshops and shared a lot of information to meet this need.

Not only were we required to deliver new initiatives, but we had to implement new ways of doing so. This was particularly true for training. While we had already adopted blended learning, Covid-19 restrictions forced us online, fully and quickly. Trainers had to become comfortable with MS Teams as a delivery platform and we all needed to learn online etiquette. The change was not without its challenges, but it brought considerable benefits. One trainer can now reach many more people at the same time, and having teams from different countries in one session enriches interaction and knowledge transfer. With online training fully embedded, trainees can now choose the training scenario best suited to the material and their needs.

Similarly, lockdown forced payroll innovation, resulting in a paperless payment process.

A feature of the 2021 financial year was the Sukuma Fund. Considerable effort went into communicating the initiative to our employees. The feedback was overwhelmingly positive. Our employees were

proud and excited to be part of a solution at a time when the economy faced devastation. They reported feeling connected to an organisation that was helping to bring about change.

Covid-19 has impacted our people, our workplace and our practices in significant ways. From lockdown alert level 2 in South Africa, we adopted a hybrid working model that saw staff members working from home three days per week, and two days in the office. The strict observance of Covid-19 health and safety protocols created a safe environment for staff on the days they were in the office. At the time of writing, staff members were spending two days a week in the office.

Similar to companies across the globe, we grapple with the question of how much of the disruption can and should be incorporated into our new normal. Change that was forced on our business has revealed benefits and opportunities we could not have foreseen and, in many cases, fewer problems than anticipated. It would, therefore, be ill-advised to simply strive to return to our pre-Covid-19 working model.

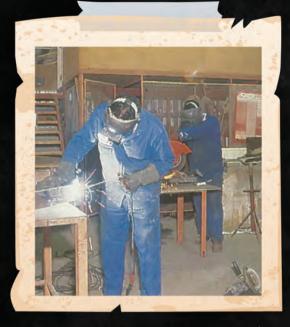
In the new financial year, much of our human resources efforts will, therefore, be directed towards establishing and implementing policies, processes and measurements that enable our people to achieve their business and personal goals in this altered environment.

Conclusion

The 2021 set of operational performance data reflects the realities of the year that was.

The economic havoc wreaked by a global Covid-19 pandemic is evident in our numbers, but so is the resilience of entrepreneurs and SMEs, as well as Business Partners Limited employees, leadership and investors.

Through a year of tremendous upheaval, we stayed true to the purpose on which the business was founded 40 years ago. That, as much as results that were satisfying under the circumstances, energises us as we head into the 2021/2022 financial year.











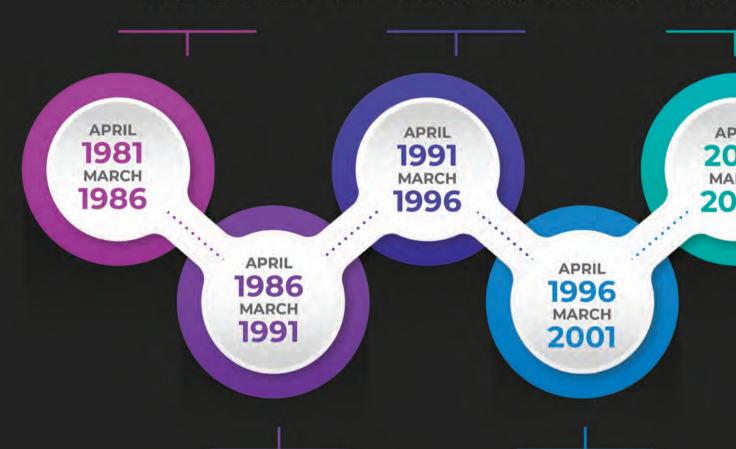


HIGHLIGHTS FROM OUR 40-YEAR JOURNEY

HIGHLIGHTS FROM OUR 40-YEAR JOURNEY

Business Partners Limited (formerly the Small Business Development Corporation –

- 6 462 loans valued at R170,2 million approved.
- 74 109 jobs facilitated.
- 373 834m² in lettable area.
- 58 888 loans valued at R2 574,9 million approved.
- · 371 738 jobs facilitated.
- 700 000 m² square metres of lettable area was available to business owners.
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- 27 industrial hives established.
- 29 934 loans valued at R1 035,4 million approved.
- · 209 841 jobs facilitated.
- 681 000m² in lettable area
- Leading the establishmenthe South African Private and Venture Capital Association (SAVCA).
- 63 252 loans to the value more than R4 612,7 million approved.
- 437 996 jobs facilitated.
- 672 000m² in lettable are available to business own

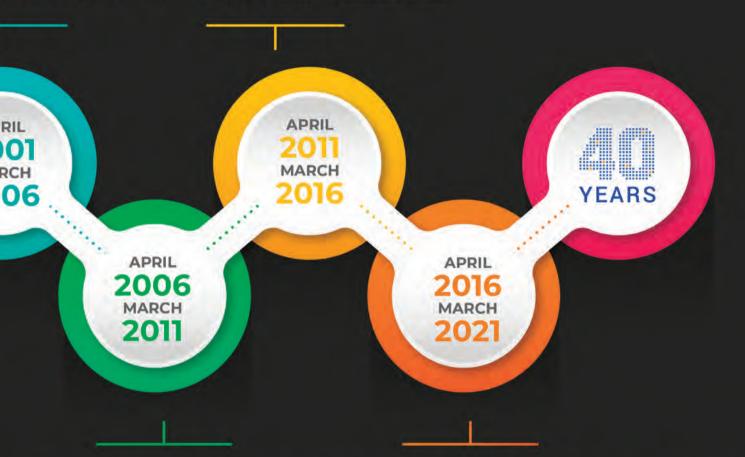
*Jobs facilitated, loan numbers and loan amount figures are since inception.

the SBDC) was established in 1981.

ishment of Business ers International in rship with the IFC.

7 loans to the value 292,3 million approved.

- 09 jobs facilitated.
- 00 m² in lettable area.
- 70 697 loans to the value of more than R16 455,4 million approved.
- 591 437 jobs facilitated.
- 441 982 m² in lettable area.



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- 68 882 loans, to the value of R11 794,6 million, had been approved.
- · More than 517 487 jobs had been facilitated.
- 458 000 m² square metres of lettable area was available to business owners.
- Breaching the R1-billion mark in annual investments for the first time.
- 2019 Gold winner in the SME Bank of the Year - Africa category (Global SME Finance Awards).
- 72 176 loans to the value of R21 513 million approved.
- 658 397 jobs facilitated.
- 374 510 m² in lettable area.

Business Partners Limited History

The Business Partners Limited story started in earnest on 22 November 1979 at the Carlton Centre in the CBD of Johannesburg. There, at a meeting between business leaders and government officials

- including the then Prime Minister of South Africa
- Dr Anton Rupert proposed that a small business development corporation be formed as a joint venture between the public and private sectors.

The Carlton Conference as the meeting was called, was the culmination of thoughts and talks about the need for a more dynamic approach to small business development in the country. Importantly, there was agreement that entrepreneurship had to be encouraged among all South Africa's population groups.

With the wheels having officially been set in motion, a year later (almost to the day) the Small Business Development Corporation (SBDC) was established on 27 November 1980. On 3 February 1981, the SBDC was registered as a public company with an authorised share capital of R150 million and so the journey to supporting and financing business owners began.

A month later, on 5 March, the SBDC granted its first loan to Ernst Wiegand, joint owner of a business in Vereeniging that manufactured springs for vehicle chassis. With this loan, the vehicle that would help change the face and fate of small businesses in South Africa. was on the road.

1 April 1981 - 31 March 1986

The SBDC's first five years were a period of extraordinary growth, development and innovation, despite extremely tough domestic economic circumstances.

Realising that not all small, micro and medium enterprises (SMMEs) require the same funding and assistance, the SBDC established several special programmes in addition to its general financial programme. These included the Mini Loan Programme to meet the needs of the informal sector, the Comprehensive Assistance

Programme, and the Small Business Aid Fund.

The latter was established with grant funding from the state, totalling R135 million, to support SMMEs in the unusually adverse economic conditions (a forerunner of the 2020 Sukuma Fund rescue effort), and to institute job creation programmes. The Aid Fund included the Startup Fund for small businesses, the Entrepreneurs Training and Development Programme and the Small Builders' Bridging Fund. The Entrepreneurs Training and Development Programme introduced the innovative industrial hive concept, which functioned much like modern day business incubators.

During these first five years, SMMEs' thirst for advice and information became abundantly clear — a reality that persists today — with thousands of enquiries flooding into the SBDC's advisory service. In response, the SBDC Mentor Advisory Programme was established and the corporation published its first information booklets.

Signalling its national impact, the SBDC participated in a joint law review programme to bring about much-needed structural change in South Africa.

Dr B Vosloo left his position at Stellenbosch University, where he was Professor as well as Head of the Department of Political Science and Administration to become the SBDC's first Managing Director.

By the end of the 1986 financial year:

- 81 private sector companies had taken up a portion of the 75 million "A" shares, valued at R1 each, that comprised
 50 percent of the SBDC's share capital.
- 6 462 loans valued at R170,2 million had been approved.
- More than 74 109 jobs had been facilitated since inception.
- 373 834 square metres of lettable area had been made available by property development projects.

1 April 1986 - 31 March 1991

During its second five years, the SBDC built on the foundation that had been laid. Existing programmes were expanded as more funding became available, and services fine-tuned as the understanding of entrepreneurs' needs developed.

Highlights included:

- A successful multi-million-rand joint venture with JCl, FedLife Assurance and Southern Life to expand property development in neglected areas.
- The creation of the Business Property
 Ownership Foundation to encourage
 entrepreneurs to own their business premises.
- Birth of the SBDC Training Programme, providing entrepreneurs with practical training in basic business skills.
- Establishment of the Small Business
 Training and Educational Foundation
 to promote funding for training
 programmes for entrepreneurs.
- Launch of two competitions for scholars, namely, "How to draw up a business plan" and "How to make pocket money".
- Sponsoring the Small Business
 Woman of the Year competition.
- Launch of the annual Small Business
 Week in 1988, along with the internal top
 entrepreneur competition that eventually
 became Business Partners Limited's
 flagship project the Entrepreneur of
 the Year® competition sponsored by
 Sanlam and Business Partners Limited.
- Investment in legal clinics, providing free legal advice to small business owners.
- Expansion of after-care services to clients.
- Launch of LETS (Local Entrepreneurs Task Group Scheme) to encourage local community development initiatives.
- Introduction of the Sub-Contracting Programme, giving countless small businesses the opportunity to be supported by big business.

- Introduction of the Tenant Improvement Programme (TIP) providing SBDC tenants with ongoing advice.
- Facilitation of the legal and financial environment that allowed mobile food vending carts to appear on South African streets.
- A joint venture with Nugget shoe polish that turned 250 unemployed people into shoe-shine entrepreneurs.
- Establishment of offices in six regions of the country, each divided into sub-regions, to make the SBDC services ever more accessible.

By the end of the 1991 financial year:

- 27 industrial hives had been established.
- 29 934 loans valued at R1 035,4 million had been approved.
- More than 209 841 jobs had been facilitated since inception.
- 681 000 square metres of lettable area had been made available by 258 property development projects since inception.

1 April 1991 – 31 March 1996

The early part of this five-year period remained economically precarious. However, despite job losses in the formal labour market, the SMME sector proved its worth by continuing to create jobs in the informal sector. SBDC-funded research by the University of Pretoria found that the SMME sector generates as much as 57 percent of the country's GDP. Realising the importance of providing a macroeconomic environment that supports SME growth, government and the private sector established the National Economic Forum.

When South Africa's political new dawn arrived in 1994, the economy improved dramatically. After intense negotiations, 1995 saw Dr Rupert and Minister Trevor Manuel reach an agreement that reduced the state's shareholding in the SBDC to 20 percent, and transferred some of its assets, staff and programmes to the government's proposed Small Business Development Agency.

Highlights included:

- Enabling the first ever international small business conference in South Africa.
- Launching the "Be-In" campaign, aimed at creating and nurturing an entrepreneurial culture among young people.
- Revitalising the Pioneer Programme aimed at the empowerment of black entrepreneurs.
- Being a founder member of the task group for the restructuring of the SME development and institutional environment.
- Development of term and equity loans to provide investment capital to viable SMEs that did not have access to the capital markets.
- Dr Anton Rupert retiring as chairman of the SBDC Board and being succeeded by Mr Johann Rupert.
- Mr Jo' Schwenke taking over as Managing Director in 1996.

By the end of the 1996 financial year:

- 58 888 loans valued at
 R2 574,9 million had been approved.
- More than 371 738 jobs had been facilitated since inception.
- 700 000 square metres of lettable area was available to business owners.

1 April 1996 - 31 March 2001

During this five-year period, the SBDC Limited affirmed its status as an independent profit-making company, withdrew from micro-lending to concentrate on value-adding capital investments in formal SMEs and, in October 1998, changed its name to Business Partners Limited.

Highlights included:

- A new memorandum and articles of association being registered.
- The new Board appointing a national investment committee and approving a five-year business plan.

- Development of an expert database to help its business advisors with the due diligence process.
- Formation of two subsidiaries to administer a venture capital fund for the market niche of loans ranging from R5 million to R15 million.
- Reorganising the operational regions into five investment funds.
- Leading the establishment of the South African Private Equity and Venture Capital Association (SAVCA).
- Launching the Business
 Partners Limited website.
- Being the first financial services company in South Africa to receive ISO 9002 quality certification.
- Establishment of a joint venture with Franchize Partners to develop franchising in South Africa.
- Establishment of Business Partners Mentors to provide entrepreneurs with affordable counselling and mentoring services.
- Adoption of a code of ethics to formalise its culture of integrity and honesty – a strong culture that remains the bedrock of Business Partners Ltd's success to this day.

By the end of the 2001 financial year:

- 63 252 loans to the value of more than R4 612,7 million had been approved since inception.
- More than 437 996 jobs had been facilitated since inception.
- 672 000 square metres of lettable area was available to business owners.

1 April 2001 – 31 March 2006

Having completed 20 years in business, the Company took time to ensure it is configured optimally to deliver its products and services, and strategically repositioned its brand. This period also sought international expansion and further partnerships in South Africa to better empower entrepreneurs and encourage entrepreneurship.

Highlights include:

- Launch of the Business Partners Ltd / Umsobomvu Franchise Fund in conjunction with the government's Umsobomvu Youth Fund (now the National Youth Development Agency), to give black youth access to the opportunities and benefits of franchising.
- Receiving the Department of Trade and Industry's award for innovative enterprise financing.
- Expansion into Madagascar and Kenya with a new subsidiary, Business Partners International, in partnership with the International Finance Corporation (IFC).
- Development of a portfolio of specialist funds, that is, a start-up fund, a contracting fund, an empowerment fund, a tourism fund, and a specialist property fund. The start-up fund is constituted with substantial contributions from Khula Enterprise Finance Limited.
- Implementation of a new organisational structure to accommodate the Company's growth and the complexities of the specialist funds.

By the end of the 2006 financial year:

- 66 077 loans to the value of R7 292,3 million had been approved since inception.
- More than 477 909 jobs had been facilitated since inception.
- 675 000 square metres of lettable area was available to business owners.

1 April 2006 - 31 March 2011

The longest run of economic growth in South Africa's history comes to an end in 2008 when a global financial crisis hits. While stepping up its support for impacted SMEs, Business Partners Limited also implemented internal structural changes to improve performance and productivity.

Highlights include:

 Launch of the SME Toolkit South Africa, an online portal that provides free

- resources to small business owners, in cooperation with the IFC.
- Collaborating with North-West University to develop a model that can identify operational difficulties in SMEs.
- Launch of the Entrepreneur Development Programme with the Gauteng Enterprise Propeller, the Umsobomvu Youth Fund and Sanlam Life Assurance.
- Providing mentorship and consulting services to a government agency in Botswana and to the IFC in Mozambique.
- Launch of the Business
 Partners Women's Fund.
- Establishment of the Entrepreneurship Investor Academy to oversee internal skills development.
- Introduction of a monthly client satisfaction survey to improve client relations and identify problems as early as possible.
- Launch of the Business Partners Ltd-SME Toolkit Business Plan Competition for aspiring young entrepreneurs.
- Relaunch of the Entrepreneur of the Year Awards in partnership with Sanlam.
- Partnering with the Graduate School of Business at the University of KwaZulu-Natal to create and run a 13-week programme for aspiring entrepreneurs.
- Mr Nazeem Martin taking over as Managing Director in 2009.

By the end of the 2011 financial year:

- 68 882 loans to the value of R11 794,6 million had been approved since inception.
- More than 517 487 jobs had been facilitated since inception.
- 458 000 square metres of lettable area was available to business owners.

1 April 2011 – 31 March 2016

During this period, much time, effort and resources went into improving the quality of the Company's investment book and property investments, and its ability to support clients with value-adding interventions. The Business Partners Limited business

model received international recognition as one of the most successful models for delivering risk finance to SMEs in the developing world. A single-minded, unwavering focus on SMEs, supported by a Company culture of continuous improvement, were the cornerstones on which this success was built.

Highlights include:

- Mr Johann Rupert retiring as Chairman of the Business Partners Ltd Board and assuming the position of Honorary Patron.
- Mr Theo van Wyk taking over as the Chairman of the Board.
- Business Partners International starting operations in Rwanda.
- Establishment of the Southern African SME Fund, to support SMEs in Malawi, Namibia, and Zambia, and raising US\$30 million to commence activities.
- Repositioning the Business Partners Limited brand and introducing a new logo and corporate identity.
- Launching the Entrepreneurs Growth Centre to provide free advice and business support to existing and aspiring entrepreneurs.
- Launching three more specialist funds, namely, education, manufacturing and property.
- Establishing Business Partners
 International East Africa Llc, with offices in Kenya, Rwanda and Uganda.
- Mr Ben Bierman taking over as Managing Director from Mr Nazeem Martin in 2016.

By the end of the 2016 financial year:

- 70 697 loans to the value of more than R16 455,4 million had been approved since inception.
- 591 437 jobs had been created or facilitated since inception.
- 441 982 square metres of lettable area was available to business owners.

1 April 2016 - 31 March 2021

These five years were characterised by low economic growth, political and economic uncertainty, and social hardship. Fewer entrepreneurs were willing

to start new ventures or expand existing ones, yet an optimistic mindset prevails among Business Partners Limited clients. The success of the Company's business model was confirmed by financiers from around the world reaching out to learn from and emulate its accomplishments.

Highlights include:

- Breaching the R1-billion mark in annual investments for the first time.
- Mr Nazeem Martin taking over as the Chairman of the Business Partners Ltd Board from Mr Theo van Wyk in 2019.
- Introducing the quarterly Business Partners
 Ltd SME Confidence Index to gauge the
 buoyancy of the SME sector in order to
 understand the needs of the sector and
 recommend initiatives to meet them.
- Business Partners International commencing with the process to wind down the Southern African SME Fund, in accordance with the original fund agreement, and starting to exit investments in Malawi, Namibia, and Zambia.
- Introducing and implementing a supplier development programme.
- Receiving R600 million from the IFC in expansion capital for Business Partners Limited.
- Joining the Green Outcomes Fund, a threeyear project by the World Bank, the Bertha Centre for Social Innovation, and the Jobs Fund (among others) aimed at stimulating investment in businesses that reduce waste, increase recycling and create green jobs.
- Launching the Technical Assistance
 Programme, which provides clients with
 interest-free loans to finance technical
 interventions that improve their operations
 with the support of the Swiss State
 Secretariat for Economic Affairs (SECO).
- Establishing a network of intermediaries, including lawyers, accountants, business consultants and development professionals, to assist clients.
- Intensifying staff development through initiatives such as a tailor-made area manager development programme, the graduate internship programme,

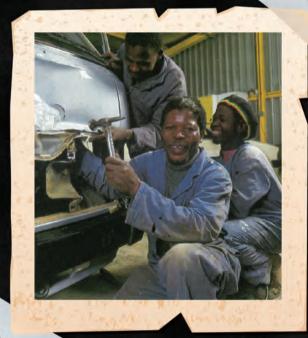
- and remote-learning courses.
- Receiving accreditation by the South African Institute of Chartered Accountants (SAICA) for the CA(SA) Training Outside Public Practice (TOPP) programme.
- Implementing, and exceeding the targets of, a three-year employment equity plan.
- Embarking on a process to bring the Business Partners Ltd risk management approach in line with global best practice.
- Successfully extending relief programmes to clients of Business Partners Limited and Business Partners International in response to Covid-19, in addition to developing systems and processes to administer the Sukuma Fund that provides relief for SMEs that are not Business Partners Limited clients.
- Being named the 2019 Gold winner in the SME Bank of the Year – Africa category at the prestigious Global SME Finance Awards. Business Partners Ltd has had remarkable results within the SME segment in Africa as a financier, even though the Company does not conduct the business of a bank.

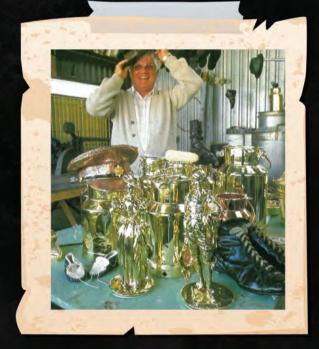
By the end of the 2021 financial year:

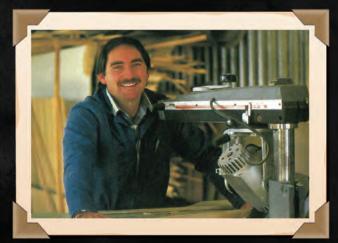
- 72 176 loans to the value of R21 513 million had been concluded since inception.
- 658 397 jobs had been facilitated since inception.
- 374 510 square metres of lettable area was available to business owners.













OUR CLIENT STORIES

Career of 77-year-old pioneer traces arc of SA black entrepreneurship



Tebele and Rolly Justice Nkawe

Chicken Licken

If there is one story that encapsulates the journey of black entrepreneurship in South Africa, it is the career of Rolly Justice Nkawe.

In his 77 years, Rolly was part of the first generation of his family to matriculate, had his studies and first businesses disrupted by political upheaval, was relegated to state-regulated menial work, and had his corporate career cut short by disinvestment. He rode the wave of business opportunities opening up with liberation, saw the rise and fall of state tender opportunities, and rode out the Covid-19 storm.

A few months ago, he paid the last instalment on his cattle farm in Ventersdorp with a primary agriculture financier - by no means his biggest business achievement, but hugely symbolic in our history of land dispossession. And for the past ten years or so,

he has been working side-by-side with his son Tebele to grow the business into the next generation.

Rolly grew up in Rustenburg and matriculated in the sixties at the Morris Isaacson High School where the seminal Soweto uprising would erupt ten years later. His university studies at Fort Hare were disrupted by political upheaval and he never finished the law degree that he started. Returning to Soweto he worked as a cashier in a municipal liquor store - a potent symbol of the suppression of black entrepreneurs who were not allowed to participate in the liquor trade except as pliant customers. But rather than shackle his entrepreneurial spirit, Rolly decided that if he was not allowed to own a liquor store, he would start his own grocery shop.

In the four years that he ran the shop before it was closed down by the Soweto uprising, he employed

his mother who had worked as a domestic worker for 30 years to put her children through school. The shop made enough money to pay for a degree in public administration at Fort Hare University, after which he worked for IBM as a marketer of computers, then a completely new industry.

Just as his corporate career was taking off, IBM announced that it was pulling out of South Africa, and with his small retrenchment package, Rolly bought an ice cream van. This was still in the turbulent 80s, but the trade proved lucrative, and soon Rolly found a spot in which to open the first ice cream shop in Soweto.

He tried raising finance through the banks, but he simply did not have enough collateral for a loan. Then, says Rolly, "I found my financial home".

The Small Business Development Corporation (SBDC), the forerunner of Business Partners Limited, required less collateral, and was willing to bank on the skills of the entrepreneur and the viability of the business idea. With his brother's house put up as collateral, the institution financed the ice cream shop, starting a relationship that has lasted for decades, throughout the change-over from the SBDC to Business Partners Ltd today.



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A short while after the R45 000 loan for the ice cream shop, the SBDC gave Rolly another loan of R500 000 to set up his first Chicken Licken outlet, the first of four outlets financed by the lender.

Tebele, who grew up in his father's businesses, recalls that SBDC and later Business Partners Ltd were household names in the Nkawe family. In 2014,

when he joined the family business, he had first-hand experience of the speed with which Business Partners Ltd approved a loan for another Chicken Licken outlet. The banks were still mulling over the application when Business Partners Ltd agreed to the deal.

Rolly's businesses grew in various directions, including petrol stations, major food distribution contracts to hospitals, prisons and schools, mining, engineering, and farming, and Business Partners Ltd has always remained his first stop for finance if the project fell within its mandate.

Even when he decided to sell some of his Chicken Licken branches, he was able to take the aspirant buyers of his outlets to Business Partners Ltd. who would then finance the deal.

"All of this growth, all of my businesses would not have been possible without Business Partners Ltd," says Rolly.

Over the past few years, Rolly has stepped away from government food distribution tenders as the process has become unpredictable and unfair. But the energy with which he keeps pursuing other business opportunities seems undiminished, not even by the Covid-19 pandemic.

At the heart of the Nkawe family business, the Roadhouse complex in Dobsonville, the butchery, liquor store, Chicken Licken and pub took a knock during the lockdown and Covid-19 restriction periods, but has since bounced back remarkably, probably due to its good location, says Rolly.

Most recently, Rolly has built a Sasol filling station on one of his properties in Protea Glen in Soweto, after a long battle to have it rezoned for fuel sales. He was planning to run it as yet another one of the family's businesses, but sold it for a "handsome" price. So lucrative was this deal that Rolly is now planning to repeat it with another site elsewhere in Johannesburg.

"Retirement is not in my dictionary," says Rolly, who plans to keep working until he no longer can. And Tebele seems just as determined to take the family business forward, not only by expanding the current operations, but pioneering new ventures in manufacturing.

Three generations, one landlord



Neil Cracknell
Cracknell Trading

When you think about a family business in which three generations have traded continuously from the same premises, you'd imagine that they would own the building. Not so in the case of the Cracknell family who runs Chaz Printing & Signs and the Fastway franchise at 53 Corundum Road in Polokwane, which is owned by Business Partner Limited.

The Cracknells have been renting the premises since 1999 and have not only changed generations in the same building, but have also changed the nature of their businesses.

Neil Cracknell says his father and his sister started Chaz Printing and Signs in 1999, providing promotional printed materials. When his father wanted to retire in 2013, Neil, who was the regional manager of a large courier company, saw it as an ideal opportunity to step out of the transport business and try something new.

Neil's sister also left to pursue other interests, and Neil took over the printing business to run it with his daughter. But scarcely six months into his new life, Neil was approached by his old employer and asked to do third-party logistics for them in the region, meaning he would manage the physical collections and deliveries of parcels between the courier company's depots and the clients.

"I suppose once transport is in your blood you can't get rid of it," says Neil, who had to quickly register a new company, Cracknell Trading

Enterprise, and set up a fleet of delivery vehicles. A letter from the courier company stating that they were contracting him was all he needed to get bank finance for ten delivery vehicles.

In 2016, Neil bought the Limpopo license for Fastway, an international courier franchise that operates in five countries. His branch, which also operates from 53 Corundum Road, has meanwhile expanded to 21 courier franchises, drivers who each operate their own subregion as a franchise.

The two new businesses have meant that the printing operation, which had always occupied all 800 square metres of the building, had to move to the back of the shop to make space for the hundreds of parcels that move through the business every day. Every morning the space is packed with parcels that had come in the previous day, and after about three hours of bustle it is empty again as the drivers collect them for delivery.

The new businesses have fitted well into the available space, including his fleet of vehicles, says Neil. His daughter is running the scaled down printing works, which is now much more efficient in its use of space, while he focuses on his fast-growing delivery services.

Neil says they are still happy in the building after all these years. "I really can't complain. If we have an issue with the premises, Business Partners Ltd sorts it out. "When it comes to renewing the lease, I tell Business Partners Ltd that we've paid the building off for them, so they can give us a reduction," laughs Neil. He gets the sense that the Company takes their long tenure into account when the lease comes up for renewal.

As for owning his own premises, Neil's approach is that he is in the business of transport and printing, not property maintenance.

Expansion certainly lies ahead, and for the moment it takes the form of acquiring the licenses for new regions. Neil recently bought the Fastway license for Mpumalanga which takes him to Nelspruit for about three days in a month. His operation there oversees the activities of 20 courier franchisees.

Neil says moving the business to bigger premises in Polokwane has not come up as an issue yet because the businesses fit well in the premises, even with the surge of deliveries that they have experienced over the past year with Covid-19 boosting online sales.

If all else remains the same, it is not entirely inconceivable that the next generation might start working there.



When it comes to renewing the lease, I tell Business Partners Ltd that we've paid the building off for them, so they can give us a reduction.

Family business finds finance - and a whole lot more



Ashnil Doorjan and Shainil Doorjan

Hot-dip Galvanizing

In 2005 Shainil Doorjan was ready to take the family business, which he ran together with his father and brother, to a whole new level by building their own hot-dip galvanizing plant in Pinetown, Durban.

The family, who had a long history in metal works, knew that the business opportunity was ripe for picking. Pinetown's large industrial area did not have a galvanizing plant, and all the signs were there that a new facility would fill a big gap in the market.

Hot-dip galvanizing is the process in which steel products such as fences, gates, guardrails, and machine parts are coated with a shiny layer of zinc by dipping the item in a bath filled with molten zinc of up to 630 degrees Celsius.

The family was in a position to build the

plant using just their own internal resources, Shainil's carefully drawn up plans showed.

Then came Hurricane Katrina, causing havoc in the south-eastern corner of the United States, which happened to be the region where most of the world's zinc reserves are stored. Suddenly, the price of the metal tripled, and where Shainil had budgeted about R2 million to fill a dipping bath with the molten metal, he calculated that he would now have to fork out up to R7 million.

Overnight, the budget for a new plant had slipped beyond the Doorjan family's means. Shainil, a commerce graduate, sat down to redo the plans and then started knocking on the doors of Durban's financiers. The traditional banks and financiers did not bite. Some of them offered finance, but only half the amount that Shainil projected they would need for the new business.

He understood why the banks were so hesitant. "It is no problem to get bank finance for a house because the banks can sell a house on the open market quite easily if the loan goes bad. The same goes for straightforward buildings such as warehouses. It sells easily and the banks can calculate the risks," says Shainil.

The situation is different with a specialised building such as a galvanizing plant. "So the banker asks: 'What if these guys go belly up? Can we sell the building easily? No, we can't. We'll have to spend a whole lot more money trying to remove the tanks, trying to resurface and remove the specialised equipment that we have here'."

Shainil says the same applies to the millions of rands worth of zinc that they also needed finance for. "Zinc can't just be sold on a local auction, making it difficult for the banker to calculate the risk."

The reception he got from Business Partners Limited, to whom he was directed by his accountants, was starkly different.

"Right off the bat, they knew exactly the risks, the business setup, everything. With the bankers you basically had to educate them about the business. But the folks from Business Partners Ltd had seen it before, so it made life simpler. They understood the business," says Shainil.

Another important difference between traditional bankers and Business Partners Ltd, says Shainil, is the fact that they are prepared to go beyond just lending money. Because they understood the risks, they offered full financing of the new business, while taking a 30% shareholding in the property itself, which was housed in a separate company, and 30% shareholding in Pinetown Galvanizing, the business.

The agreement stipulated clearly how the Doorjan family could buy out Business Partners Ltd's shares once the loan portion was repaid.

Shainil says he was happy with the structure of the agreement. Apart from the fact that it made the establishment of the business possible, it also gave them a partner in the business with deep sources of knowledge and expertise. "This was a new venture for us in the sense that it was our first galvanizing plant. So, their expertise, their mentors and all the guys they brought from head office to set us up properly, that was a benefit," says Shainil.



This was a new venture for us in the sense that it was our first galvanizing plant. So, their expertise, their mentors and all the guys they brought from head office to set us up properly, that was a benefit.

Business Partners Ltd's presence in the business helped in subtle ways. The zinc merchant, for example, felt much more at ease in selling millions of rands worth of metal to a new outfit because they knew that Business Partners Ltd were involved. There was also an extra level of supervision to make sure that the specialised building was constructed properly.

Shainil also liked the fact that the agreement was structured with a retainer, so that there would be reserves to dip into to pay the instalment if the business went through a difficult time. In contrast, "the banks will give you a little bit of grace if you miss a payment, but then they come down very hard on you," says Shainil. As it happened, Pinetown Galvanizing never had to go close to the retained amount. Quite the opposite. From about 2008 orders for galvanizing linked to the 2010 Soccer World Cup construction boom started rolling in, and within a few years Shainil was negotiating an early exit with Business Partners Ltd.

Sales remained high, and the factory ran two shifts every day with a total of more than 100 workers, right up until the Covid-19 pandemic. Pinetown Galvanizing had enough reserves to tide the business over, and sales have recovered, but not up to pre-Covid levels. Shainil was far advanced with expansion plans for the factory when Covid-19 hit and pushed it out until the crisis recedes for certain. Although the Business Partners Ltd loan has been paid off and the shares bought back, the facility is still there. It is just a matter of reviving it when the time is right, says Shainil.

Drive for upliftment pays off in property successes



Feda Rahman
Petite Home Decor

Feda Rahman's business, Petite Home Decor, turns drab spaces into beautiful and stylish ones. Amazingly, the same thing seems to happen to the wider world around her if her success with her business property transactions is anything to go by.

Twice in a row, the business premises which she bought with the help of finance from Business Partners Limited have turned into major investment successes, rivalling that of Petite Home Decor itself.

In the mid-90s, Sir Lowry Road near the centre of Cape Town was a ramshackle strip of mostly vacant buildings owned by absentee landlords. Feda remembers the rats scurrying away as she opened up in the mornings when she just moved

into one of the neglected properties. Six months later she bought the building with Business Partners Ltd as a minority shareholder for R500 000.

Over the years, as Feda grew her drapery, upholstery and interior design business, the adjacent buildings were one by one upgraded into fancy offices, studios and coffee shops. In 2013, long after she had bought back her shares from Business Partners Ltd to fully own the property, she sold it for R4,5 million.

She moved her business into 50 Hopkins Street, Salt River, which she bought for R3,5 million, again with Business Partners Ltd as a shareholder, and exactly the same thing happened. Shabby Salt River became trendy, with colleges, craft breweries and creative businesses moving in. Within a few years, she subdivided the building and sold half of it for a whopping R9 million, while her business still occupies the other half.

There might be a bit of luck involved in Feda's property choices, but more likely it is her eye for possibility and design, her sensitivity to trends, and her drive for upliftment which has been part of her whole life.

After finishing school in the '70s in Pietermaritzburg there was no money for further studies, so she found work as a cashier at a local supermarket, and worked herself onto the administrative team. Family members in Cape Town urged her to move, and she found a job as the receptionist of a textile mill. The owner spotted her talents, promoted her often and soon she was managing the factory.

He became her "second father", gave her a sewing machine and encouraged her to grow the sewing sideline which she started at home, selling table cloths and placemats at flea markets over weekends. Soon she was custom making curtains and other decorative features for her clients' homes while she scaled down her job to managing a showroom for the textile company.

The business became too big for her home, and she rented her first formal business premises in a cheerless complex in Sir Lowry Road. The owner was so impressed with how she livened the space up by painting, cleaning and decorating it that he urged her to move into one of his troublesome buildings further down the road, rent free. It was this building that she bought and transformed in the mid-90s.

Petite Home Decor became a hub of the interior decorating industry in Cape Town, manufacturing not only curtains, but also brought upholstery and a range of curtain hardware such as rods and brackets under one roof.

At one stage Feda had 70 workers, but through outsourcing and careful workflow design, she now works with a crack team of just more than 20, producing more than ever.

In the last five years she has started stocking textiles for retailing instead of buying for manufacturing only. Covid-19 has put some of her expansion plans on hold, especially around the upholstery and curtain hardware side of the business, but she is very proud of the fact that she was able to keep busy enough last year that her staff kept earning their normal wages, overtime and bonuses.

When orders dried up last year, Feda started producing masks and shared the income among her workers.

Meanwhile, her two daughters have joined her in the business and are working, among other things, on an online shop for the business.



When she scouts the market for potential properties it is good to know that Business
Partners Ltd will back her next move. Knowing that they support her, sharpens her sense of what is possible in any space that she thinks of working in.

At 62, Feda says she loves her business as much as always, and has enough energy for at least one more business move. When she scouts the market for potential properties it is good to know that Business Partners Ltd will back her next move, she says. Knowing that they support her, sharpens her sense of what is possible in any space that she thinks of working in.

Solving social problems with business solutions



Tom Ombasa Soigwa

Kilifi Green Girls Hostel

Tom Ombasa Soigwa, a property developer who owns holiday rental properties in the Kenyan coastal resort of Kilifi, 60km north of Mombasa, was one day urged by members of the local community to have a look at the student accommodation in the town. He was appalled by the squalid conditions he found the students living in. Many of the rooms were make-shift additions to private houses, without basic washing facilities, and some were crammed with up to six beds. "I was moved," says Tom. "I remembered my days when I was on campus - our living conditions were so much better."

But he also saw a clear business opportunity. "I am a social entrepreneur. This means I identify social issues and then look for solutions to

solve these issues from a business perspective," says Tom, who immediately launched a plan to build student apartments for females.

Kenya's tertiary education sector has been booming for several years, but student accommodation has failed to keep up, also for the students at Kilifi's growing Pwani University, with a population of 7 500 students annually but has only 600 rooms available on campus. The problem is especially acute for female students, who are sometimes forced into compromising situations like having to move in with "sponsors", older men who exploit their vulnerability.

Tom worked in senior management in the corporate sector and public service until two years ago when

he went into business full-time, but throughout his career he has been building a property portfolio in Kitengela, Nairobi, Mombasa and Kilifi.

After seeing the burning need for student accommodation, Tom conceptualised a complex of modern, comfortable, and affordable living units, complete with a cafeteria, wifi, free transport to and from the campus, and a back-up solar lighting system.

The first problem he ran into was buying suitable land to house the student hostel. Although lots of land was available in Kilifi, it was difficult to verify who the real owner was because the district had not been properly surveyed. "Most landowners don't have title deeds. I was conned twice while trying to buy land. In one of the incidents, the owner gave me documents that later turned out to be fake," says Tom.

He pushed through and eventually secured land to build the project. Using some savings and income from his rental properties, Tom started building his five-storey hostel block, but the escalation the cost of building materials meant that he ran out of funds when only 60 percent of the first three storeys were completed.

I have become an ambassador for BPI and have already recommended them to a few people. BPI has come at the right time and is offering real solutions to challenges that business people face.

Tom set about finding finance to complete the project, but found that the banks did not have the appetite for it. The banks are not friendly to people without a pay slip. Once I stopped working, they started asking for my current cash flows, which is what they used to deny me funding," he says.

Fortunately, a friend knew about Business Partners International (BPI) Kenya, who specialises in financing the very people that banks were trying to avoid - those who have viable business plans and entrepreneurial drive rather than payslips.

Tom says BPI turned out to be his "guardian angel". The BPI team looks at the business and the entrepreneur holistically, including the potential for future income rather than past income only. "They are genuinely interested in the business and are keen to see your business succeed. They are proactive and are always providing solutions to my challenges," he says.

The finance from BPI was used to finish the first three storeys of the building, which is now only two months away from completion. The first students are expected to move in in August 2021.

Tom says the rooms are priced to make them affordable, while ensuring that the project is profitable. Once he has proven the concept, Tom plans to build more student hostels elsewhere in Kenya. "The fact that BPI is on board has propelled me to think bigger."

Resilient do-it-yourself entrepreneur looking forward to continued growth



Fritz Strydom and Fritz Strydom JR

Blomo Plastics

When German experts saw the machine that Fritz Strydom had designed and built from scratch with his own hands, they shook their heads. There is no way, they said, that this machine can produce anything commercially.

For the next almost 30 years, Fritz proved them wrong. The polycarbonate blow-moulding machine which Fritz built bit by bit at night and over weekends in a friend's workshop, went on to produce millions of plastic products for his business, called Blomo Plastics. Only four years ago, Fritz finally retired the machine with which he started his business back in 1989.

Today, Blomo Plastics produces about 75 percent of all the polycarbonate plastic bottles used in office water coolers in South Africa, and has become a one-stop shop for the burgeoning local water trade.

It was the simplicity of his machine that made the Germans think it was not commercially viable, says Fritz. They were used to sophisticated parts made from all sorts of special material and hardened steel, whereas Fritz, who researched, designed, and built his machine from self-made parts, had to use materials at hand and keep his solutions as simple as possible.

"I learned a lot," says Fritz of the year-long process during which he built the basic machine, and the many subsequent years in which he modified, adjusted, and improved his machine.

Today's machines, several of which work in Blomo Plastics' 2500 square meter factory in Springs, cannot be built as a do-it-yourself project because of all their built-in computer electronics, says Fritz, but in the late 80s, when he was a young mechanical engineer, it was doable.

Fritz, who studied mechanical engineering on the mines, resolved early on in his career that he wanted to be his own boss. Work experience took him in the

direction of plastics and when he took on a year-long assignment as a consultant to get a small factory in Pretoria ready for SABS approval, Fritz decided to start building his own polycarbonate blow-moulding machine as the first step to starting his own plastics factory.

A more conventional approach would have been to buy an imported machine, but it was way beyond his reach. Fritz decided to capitalize on his technical prowess and invested his evenings and weekends into research, solving design problems and turning parts. "Technically I'm good, and I have always believed, with my abilities (and my wife's support), that I could do it. I have yet to come across a technical problem that I can't solve," says Fritz.

He also seemed to have a knack to solve business problems. Polycarbonate plastic is a difficult material, requiring many processes to get it ready. When Fritz needed a special dryer to prepare the material, he made a deal with a client to finance the dryer in return for a supply of bottles at a discount.

At the end of 1989 he wrote out his first invoice for a product off his machine - the tank for a backpack herbicide sprayer.

This started almost three decades of growth for Blomo Plastics as the machine produced various products, including kids' car seats.



Fritz became a client of Business Partners Limited when it was still called the Small Business Development Corporation. His first loan went towards the buying of a granulator for the processing of off-cuts, and a bit of working capital. The banks were never sympathetic to the struggles of a small growing factory, whereas Business Partners Limited looked at your plan and your vision, says Fritz.

Fritz became a client of Business Partners Limited when it was still called the Small Business Development Corporation. His first loan went towards the buying of a granulator for the processing of off-cuts, and a bit of working capital. The banks were never sympathetic to the struggles of a small growing factory, whereas Business Partners Limited looked at your plan and your vision, says Fritz.

Business Partners Ltd later financed, in return for a 30 percent share, a new building for Blomo Plastics in Springs after the company won a contract to supply

kids push bikes to the Shoprite group, starting a period of rapid growth for the company.

Characteristically Fritz and his two sons, who had since joined him in the company, built the factory themselves. While a traditional financier or co-investor might have baulked at the idea of allowing a non-builder to construct the building himself, Business Partners Ltd trusted Fritz's project-management skills, and the Strydoms managed to shave 30 percent off the initial cost estimate.

Because the toy bikes required assembly, Blomo Plastics grew to 100 workers for the Shoprite contract. Numsa, the labour union that dominated the plastics industry, made employment difficult, says Fritz. Eventually Fritz and his sons decided to shift the company's focus to less labour-intensive essential products, specifically for the bottled-water industry and packaging for chemicals.

But before the transition could be completed, a violent strike swept through the plastics industry which almost cost Fritz his life. In November 2018, dozens of locked-out strikers broke into the factory, assaulted Fritz and several workers, destroyed machines and computers and damaged cars. Fritz woke up in hospital with 100 stitches to his head and a broken jaw. The factory was shut for two months as Fritz recuperated and his sons picked up the pieces.

Blomo Plastics' business interruption insurance barely covered the damage, but within a year they managed to pull through, handed over the Shoprite contract to another manufacturer, and mechanised their operation to focus on the bottled-water industry.

Then Covid-19 hit. For a second time in scarcely two years production ground to a halt. Within weeks they were back in business as an essential service, but with revenues way below normal levels.

Business Partners Ltd helped by allowing a moratorium on repayments. "We always get a sympathetic and understanding hearing at Business Partners Ltd. All you have to do is to state your case well," says Fritz.

Despite the enormous setbacks of the past few years, Fritz is enthusiastic about Blomo Plastics' future. The bottled-water industry is set to grow, and Blomo is well positioned as a one-stop shop for the sector. They buy in and resell the types of containers that they don't make themselves, and import water-dispensing machines to complete the range of supplies to the industry. One of his sons, who used to be consumed by human resources issues, is now free to focus on marketing.

"It is fantastic to work with my sons every day. We don't have time to dwell on the past challenges. I focus on what we have to do," says Fritz.

Finance came at just the right time for telecoms livewires



Michael Jele and Hilkia Jacobs

Blue Tel Communications

"Business Partners Limited will be our first stop when we need expansion finance," says Michael Jele, coowner of BlueTel Communications, a fast-growing telecoms company that was financed by Business Partners Ltd at a crucial stage of its inception.

About seven years ago, Michael and his co-founder Hilkia Jacobs were coming to the end of an incubation period for their fledgling business. The multinational corporation from which they were spawned was finally winding down its operation in South Africa, and BlueTel needed to find its own premises.

BlueTel, which specialises in "lighting up" optic fibre cables after they are laid, had been in business for only two years. Although their prospects in the

rapidly expanding industry were extremely good, "we didn't have much of a credit record, so the financial institutions would not talk to us," says Michael.

They had identified an ideal building in Centurion that could house up to 30 desks and had some warehouse space, but could not find a bank willing to deal with such a young company.

Fortunately, an estate agent pointed them in the direction of Business Partners Ltd, who agreed to finance the purchase of the property. Instead of requiring them to put down a deposit which would have hurt their cash flow, Business Partners took a 35 percent share in the property-holding company that was formed to hold the new BlueTel head office.

"Only Business Partners Ltd was prepared to listen to us, and that played a huge role in developing our business. They are people who believe in new ideas and they were prepared to take a risk with us," says Michael.



It gave us a lot of credibility when our clients came to visit us. They could see that these are not just some guys working out of their garage. This is actually a fully-fledged business with proper equipment and processes in place.

Hilkia says the finance and move into their own premises came at a critical stage of their business. "It gave us a lot of credibility when our clients came to visit us. They could see that these are not just some guys working out of their garage. This is actually a fully-fledged business with proper equipment and processes in place."

Furthermore, the fact that they now had premises with warehousing space, instead of just rented offices, meant that they could offer warehousing as an added service to manufacturers such as Nokia and Infinera, whose equipment they install, commission, and maintain on fibre networks.

Today, Michael and Hilkia work with 25 staff members in their Centurion head office, and have a fully-fledged branch with warehouse space in Cape Town with a team of five, as well as warehousing facilities in George, Port Elizabeth, and Durban.

They are now on the brink of getting approval from the South African Bureau of Standards to introduce their own equipment to support some of their customers' supply shortages. This innovation stemmed from a project BlueTel delivered in Malawi where the client needed power units but could not buy them from Europe because of Covid-19. BlueTel jumped in, produced the units and installed them at more than 30 sites.

They have come a long way since their first contract in 2012, which was for the roll-out and maintenance of a Telkom optic fibre transmission network across South Africa. Back then, they did all the work themselves, shared a car on the long road and stayed at cut-price motels to complete the job at the quality standard that became their hallmark and the reason for their success.

Nowadays they send teams of technicians to activate fibre lines as far afield as Angola, Lesotho, Malawi, Namibia and Swaziland. After seeing the quality of their work, their clients are also increasingly asking them to train local teams for the continued maintenance of the lines and equipment.

Due to the boost in demand for internet connectivity over the course of the Covid-19 pandemic and its lockdowns, their fibre work has only increased. "We've had our best financial year in 2020," says Hilkia.

However, some plans were put on hold because of the pandemic. Hilkia and Michael are looking to expand their property portfolio by buying more commercial properties. It is the ideal business to run alongside their rapidly expanding telecoms operation, as it won't require too much in terms of resources over and above those needed to maintain their head office property. A growing portfolio can be used in future as collateral to finance further expansion.

They recently initiated talks about acquiring another investment property with Business Partners Ltd when Covid-19 struck and pushed it onto the back burner.

Chances are looking good that these plans will revive soon, although it might be eclipsed by the expansion of their telecoms operation. As things stand, they can scarcely keep up with the opportunities coming their way in Southern Africa after the activation of the under-sea optical cables that need inland connectivity. As for the rest of Africa, the opportunities seem limitless.

Finance that allows entrepreneurs to focus on what's important



Elmarie MaraisCenturion Day Hospital

When Covid-19 struck, the Centurion Day Hospital, like so many small businesses throughout South Africa, needed finance to tide it over the business chasms created by the lockdown and its aftermath. As a client of Business Partners Limited, it qualified for low-interest relief finance, repayable only after several months once the business bounced back.

Looking back on it, hospital Managing Director and owner Elmarie Marais says what she is most grateful for is not so much the emergency finance itself, even though it was crucial to their recovery. What she appreciates most about having Business Partners Ltd as a financier was the fact that she just knew they would support her, even before she spoke to them about the crisis.

"Not for one moment did I doubt that they would come up with an innovative way of supporting their clients in a way that is viable and empowering. I never had to phone them in trepidation about the future of the business," says Elmarie.

This certainty, she says, is more important for an entrepreneur than it would seem at first glance. Even at the best of times, it can be an overwhelming experience to run a growing business such as the Centurion Day Hospital. When crisis strikes, the owner-manager needs their wits about them even more and cannot afford distractions.

Elmarie's number one priority was to prevent Covid-19 from entering and spreading through the hospital and to keep everyone safe. It required intense strategising,

planning, and managing. Staff who relied on public transport had to remain at home, while work had to be reassigned to those who could come in safely. A pay cut had to be negotiated with everyone and safety protocols had to be carefully designed and painstakingly observed.

Elmarie is proud that no-one caught Covid-19 at Centurion Day Hospital. She says the fact that she did not have to worry about the raising of finance to tide the business over allowed her to focus so strongly on the task at hand.



It is not that Business Partners Limited just gives away money. They are business people and they make sure that they get a return on their investments. But it is the way in which they bought into our vision and supported us right from the start that makes me so sure that they will take care of us as an investment."

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Elmarie first met the team from Business Partners
Ltd about nine years ago when she was looking for a
financier to fulfil her dream of building a private day
hospital. The vision, which she developed and shared
with her late husband, Dr Charles Marais, was of
an independently owned private day hospital where
simple one-day procedures could be carried out in a
safe, pleasant environment at the appropriate price. In
general, the private healthcare market in South Africa
is dominated by three large groups and most small
medical procedures are priced at expensive overnightstay rates.

Elmarie, a born entrepreneur who was running both her husband's surgery practice and a high-end beauty salon at the time, identified a property in Glover Avenue in Lyttelton, Centurion, as the ideal site for a private day hospital, and set about looking for a financier.

The banks were willing to finance the multi-million-rand project, but required an owner's contribution of as much as 45 percent, way beyond the means of Elmarie and Charles.

Elmarie remembered the Small Business Development Corporation from her days as a BCom student at the University of Pretoria, and she approached its successor, Business Partners Limited, for finance.

After a thorough due diligence process, Business Partners Ltd agreed to come in as part-owner of the property, and to put up 100 percent of the finance for the project. As part of the deal, Elmarie will have a chance to buy back the ownership of the property in future.

The Centurion Day Hospital's offering is compelling in its convenience and affordability for both doctors and patients, yet one the hardest challenges has been to convince the local medical industry of its value. Elmarie and her team were up against the misconception that the facility was "just a clinic". It also did not help that the big hospital groups viewed the Centurion Day Hospital with its three operating theatres as a threat, aggressively lowering their fees to local doctors for procedures. Elmarie even had to bat away some acquisition offers from the big groups.

Against this background, the Covid-19 pandemic has been a major boost for the Centurion Day Hospital. Elmarie says disruptions at the big hospitals prompted many local doctors to come and see her facilities for themselves for the first time, and the business has seen an increase of almost 40 percent of bookings compared to pre-Covid-19 levels.

The Centurion Day Hospital is thriving, although it still has capacity for even more bookings. Elmarie reckons three theatres are enough to serve the market as it is at the moment. She might consider expanding with a step-down facility on the adjacent land in future.

Meanwhile, she is determined to improve the medical market as the proudly independent hospital that she and Charles envisioned.

Firebrand entrepreneur turns sideline into business empire



Hestie and George Ferreira

TJ's Lekka Braai

The first sale George Ferreira made was at a primary school in the Eastern Cape when he sold pieces of sugar cane to his classmates. For as long as he can remember, he has always had a knack for wheeling and dealing, and has always been busy with some sideline or another, says George, the owner of the growing firewood and braai equipment brand TJ's Lekka Braai.

He has also always had a keen eye for a gap - quite literally. As a young production manager at a large dairy group, he was transferred from Bloemfontein to Cape Town in the late 90s. When he noticed that his furniture only took up half the space of the moving truck, he promptly filled it with braai wood - which he was selling as a sideline in Bloemfontein - and shipped it as part of his household goods to Cape Town.

As an agriculture studies graduate with a few years' farming experience, he was looking forward to good career prospects at the giant dairy company, having been promoted to oversee the production of yogurt and cottage cheese at one of its larger factories in Cape

Town. Little did he know that it was that load of firewood that would be the start of a booming enterprise and shape his career.

Today, George's operation extends over nine industrial properties in Blackheath, Cape Town, and includes warehousing of mostly Namibian firewood, charcoal and briquette production, a braai grid metal workshop, a firelighter factory and production and packaging facilities for a complete range of braai and fireplace products from tongs to anthracite, as well as an inhouse mechanical workshop to service a fleet of eight eight-ton trucks, bakkies and forklifts.

George, who runs the bustling group of businesses together with his wife Hestie and a team of 112 full-time employees, supplies his whole range of products to dozens of Spar, Pick n Pay, Shoprite and Food Lover's Market stores in the Western Cape. He also supplies braai grids and fire lighters to a major national chain, and firewood to a large retailer in Gauteng.

Back in 1997, when he had just arrived in Cape Town, such a scenario would have been a wild fantasy for George. He was focused on his corporate career at the dairy company and dabbled in firewood as just another sideline

Sales of the acacia firewood which he sourced from his father-in-law's Northern Cape farm were slow at first. Apart from the fact that he had to build a clientele from scratch, he found that Capetonians were so used to moist, low-quality firewood that he had to create a market for his quality product. He persisted, working after hours and weekends, slowly winning over customers by sponsoring the braai wood at school sports events.

He remembers that his first consignment of 40 tons of firewood took him six months to sell. The next 40 tons took one month. Soon he gained a foothold in several Spar outlets, and some three years into it he bought the brand TJ's Lekka Braai from a struggling operation who initially contracted him to do its logistics.

George's frustrations at the dairy company grew even faster than his firewood sales. The company was not managed well, and he felt unfulfilled in his job. Even though his sideline was becoming a fully-fledged business, it was still a momentous decision for him to step out of his corporate job in 2003, especially since Hestie had resigned from her job to take care of their twins, who were then infants.

A bad deal with a food distribution company didn't make things any easier in his first few months as a full-time entrepreneur, but he managed to extricate himself and focused on firewood.

Even though the firewood industry had low barriers to entry and that he was competing with many backyard operations, George forged ahead by concentrating on quality and service. He cultivated strong loyalty among his Namibian suppliers by paying them within 48 hours of receiving a consignment. He also undertakes an annual 10 000 km trip to Namibia to visit each supplier, not only to strengthen relationships, but also to make sure that the firewood is harvested sustainably.

In 2009, George needed to expand his warehousing space, and approached Business Partners Limited with "just my passion, my story and some sales figures" to convince them to finance the purchase of a property in the industrial area of Blackheath.

"The figures were good, but I think what clinched the deal was my story. Business Partners Ltd backs the potential and the abilities of the entrepreneur. That is what I appreciate so much about them. They look at things that the banks simply don't see," says George. "If it wasn't for Business Partners Ltd, I wouldn't own any property today."



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The deal signed in 2009 was followed by four more industrial properties financed by Business Partners Ltd as TJ's added charcoal and briquette manufacturing, firelighters, and braai grids to its stable of products. The flexibility of Business Partners Ltd and nimbleness came in handy when George bought his third property and realised that the property next door was also for sale. Buying it would give the business much-needed space for the movements of its trucks, and within the same week, Business Partners Ltd had financed his fourth property as well

George's eye for new opportunities is complemented by a strong do-it-yourself drive. After a chance meeting with a businessman who was struggling to make firelighters that worked consistently and didn't leak, George spent several weeks experimenting, getting to understand the chemistry and perfecting the recipe.

He says his experience of managing dairy production lines meant that he could work with a recipe and think in terms of mass production and quality control. This enables him to establish a wide range of diverse product lines.

George says TJ's has managed to weather the pandemic because it had a large amount of stock on hand when the restrictions started. Since then, George has found himself in the middle of two opposing forces. On the one hand, demand for firewood and braai consumables grew as restaurants shut and people started entertaining at home. On the other, hundreds of people who had lost their jobs entered the market, flooding it with firewood.

George is confident, however, that TJ's is protected by the quality of its product and service. The question is not preserving market share, but when and how to expand. George is holding off on expanding nationally until his youngest daughter has finished school. Branching out to another province will take him away from home too much, he says.

It is rather more likely that George will try the export market first. Enquiries from overseas buyers have been increasing, but it is not an opportunity to take on lightly, says George. First, he would need to set up a dedicated new processing facility with all the precise quality controls required for long-distance trade. He has come a long way from the days in which he simply filled up some spare space with firewood and shipped it off to a new market.

Cash retained tides 'happy businesses' over the worst of Covid-19 crisis



Thomas Reib

Q Display

Thomas Reib reckons if he had stayed in the corporate lane in which he started his career in the early 90s, he probably would have made more money than he had as an entrepreneur. It is no small claim if you consider the success that he has had with the five divergent companies he is currently running.

But, says Thomas, there is something about working for yourself that hooks you. He loves the freedom, even if it means working long hours and weekends. It also allows him to have fun, which is evident in the way he describes his "happy businesses", how he built them, and how he came to choose finance from Business Partners Limited for three of his business properties even though the banks were willing to finance him.

Thomas grew up in Denmark, and after studying commerce and economics, came to South Africa for a short work stint and some sunshine before travelling on to see the rest of the world. But then he met a girl and never left, he says.

It was 1993, South Africa was opening up to the world, and Thomas was hired by the Danish industrial giant Danfoss to help it re-enter the market. Later he did the same for Volvo, but he discovered that using his considerable sales talents on the showroom floor was much more lucrative than working in the corporate marketing department. He did so well selling Volvos that BMW head hunted him. "It gave me an appetite for making money," he says.

With this in mind, he took the "stupid" decision to join a tiny start-up called Inline Media, which had the then revolutionary idea of shaping queues in places like airports by introducing snaking corridors partitioned with belts, ropes and poles. This, combined with display advertisements aimed at the people in the queue, later became ubiquitous in public spaces.

By the time Inline was bought out by a large company, Thomas knew he was never going to work for a corporate again, and he decided to buy a small stake in one of Inline's suppliers, Q Display, a manufacturer of the poles, ropes, belts and advertising boxes that constituted the queueing systems.

Thomas ran the company with five passive investors, and bought their shares incrementally as he grew it year by year. Meanwhile, Thomas started a hobby business at his home, servicing and maintaining Porsches and preparing them for races. Over the years it has grown into Cafe 9, the biggest independent Porsche workshop in South Africa, situated today in Foundersview, Johannesburg.

His company Q Display scored huge sales in the build-up to the World Cup in 2010 when entire stadiums and brandnew airports had to be kitted out with queueing systems.

In recent years, electronic waiting lists and appointmentticketing systems have diminished the market for traditional queueing systems and Thomas decided to pivot the company towards electronic queueing software development.

On a trip to Australia to scout electronic queue management systems, Thomas came across evaporative air-conditioning systems that are commonly used there but are virtually unknown in South Africa. On a whim, he contacted the largest manufacturer in Australia, Seeley International, and returned to South Africa with a contract to set them up and manage their logistics - and be their landlord.

He registered a new company, Coolstar, and identified a warehouse in Foundersview to house the cooling systems imported into South Africa. He approached the banks for finance to buy the warehouse. "They instantly agreed, because I had a solid business," says Thomas, "but then I came across Business Partners Limited, who gave me the best deal by allowing me to keep my money in the business as opposed to paying a deposit on the building."

Business Partners Ltd took a minority shareholding in the building, with provisions allowing Thomas to buy it back in future. In the same way, Thomas also bought new premises for Q Display to accommodate the expansion of the firm into software development.

His third property deal with Business Partners Ltd was to buy bigger premises for Rio-Carb, an innovative company specialising in anti-corrosion cladding for mining equipment which he bought into and took over as CEO. Rio-Carb, which manufactures super-hard chromium carbide cladding developed by its founder, needed new premises to accommodate its fast growth, and Thomas bought a building in Alrode in the south of Johannesburg next door to Rio-Carb's sister company Aquajet, a high-pressure water cutting workshop also run by Thomas.

He says there are three reasons why he prefers Business Partners Ltd's finance over that of the banks.

First, Business Partners Ltd, in contrast to the banks, did not require a deposit for any of the three premises. "Cash flow is the number one thing when you are a small businessman. I don't have big corporate resources to ride on. Business Partners Ltd is by no means the cheapest, but they do allow you to keep the money in the business and that is critical for an entrepreneur."



I used to have the same bank manager for twenty years, and now I've had five relationship managers in two years. I don't have time to spend five days at the call centre trying to get through to the right person. With Business Partners Ltd I deal with two or three people. They answer the phone, I can talk to them, I can explain things to them and I can send them information.

Second, it is difficult to communicate with the banks nowadays, says Thomas. "I used to have the same bank manager for 20 years, and now I've had five relationship managers in two years. I don't have time to spend five days at the call centre trying to get through to the right person. With Business Partners Ltd I deal with two or three people. They answer the phone, I can talk to them, I can explain things to them and I can send them information."

Third, Business Partners Ltd is more flexible than the banks. "Most of the commercial banks are very rigid in their structure. But Business Partners Ltd understands that you are an entrepreneur, and makes allowances and adjustments when things change."

Just how important it is to retain as much cash as possible inside of a growing business was clearly illustrated for Thomas when the Covid-19 pandemic started. The year before, Rio-Carb had its best year ever with a spectacular sales growth. It would have been easy to pay out dividends and big bonuses, but he convinced the board to retain the profits for major expansion in 2020.

Sadly, the resources had to be used to tide the businesses over the worst of the pandemic, but the good thing is that he did not have to raise any extra finance, says Thomas.

What lies ahead for his five businesses is a period of consolidation. The unpredictability around the third wave makes planning difficult, says Thomas, but growth is certain, especially for Rio-Carb which is set for major expansion in the rest of Africa and Europe.

No pandemic will stop this passionate entrepreneur



Delia CupidoChameleon Schools Group

Expanding a business in an industry that is going through its greatest crunch ever might seem surprising, but only if you don't know Delia Cupido.

While private schools across the country are shutting down, losing learners and laying off staff because of the Covid-19 pandemic, Delia has just bought a R7,5 million building in Goodwood, Cape Town, to house the latest junior school in her fast-growing Chameleon Schools Group.

What you need to know about Delia is this: at the age of 13 she was taken out of school to earn income for her family by working in a meat processing factory. At 39, after a career of on-the-job learning, clawing her way up the administration departments of various companies and running businesses on the side, she finally wrote her matric exam so that she could get on with her dream of studying law.

Over the past few years, she has been building Chameleon Schools into a group of four early learning centres and two junior schools, with 300 preschool children and 148 junior school learners in its care.

No pandemic will stop this passionate advocate of education from forging ahead with her plans to build an affordable, high-quality education system where all children, including those with special educational needs, are welcome.

Last year, she bought the already existing early learning centre and junior school, which ran up to grade 3, from the founders, and set about finding new properties in Goodwood to house them, while adding grade 4 to the school. Delia, who has built a formidable property portfolio through her own estate agency, managed to raise bank finance for a new building for the preschool, but had no chance of another bank loan of R7,5 million

for the building which she identified for the junior school.

Delia believes that she got the finance from Business Partners Limited for the new building because they knew her and have insights into her business. "I've done lots of finance deals with the banks, but I wouldn't recognise any banker if I bumped into them in the street," she says. "At Business Partners Limited I'm not just a number. They know me and I know them. There is a personal relationship, a professional relationship of trust.



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In her discussions with Business Partners Ltd they gave her good advice on the value of the property she was interested in. She said the Company was understandably wary of investing into the education sector which had the wind knocked out of it by the pandemic, but that they agreed to the finance because of their longstanding business relationship, which spanned five property loans.

The Chameleon Group came through the pandemic shaken but unscathed, due to substantial reserves that Delia had accumulated in previous good years. She did not have to raise bridging finance and did not have to let even one of her 60 staff members go, even though she slashed the school fees by 40 percent to help struggling parents.

Such frugality and forward thinking no doubt stems from her arduous journey out of poverty. At 13 her family found work for her in a meat factory. Delia, furious at the unfairness that her brothers could stay on in formal education, found in herself a burning desire to get ahead. Still a child, she found her next job herself - in a clothing factory, which she believed was a step up from the meat factory.

Thereafter an administrator soon saw potential in the young girl, and Delia was employed in the office. It was

a very far cry from her dream of becoming a lawyer, but she used the opportunity to claw herself out of what for most people would have become a lifetime of menial, low-paying jobs.

She attended night school, jumped at any training opportunity that came her way, and over many years took on more and more responsibilities as administrator and bookkeeper. All the while, a restless entrepreneurial spirit was evident in Delia, from the polony sandwiches she made and sold when she worked at the meat factory to the snacks she sold at night school to the confectionary shop that she later opened in the Cape Town City Bowl while she was still working as an administrator.

When she found that her lack of formal education was disqualifying her from advancing any further up the management ladder despite her talents, she finally passed her matric at the age of 39 and immediately started studying law on a part-time basis.

Property law captivated her, and the new knowledge that she gained from her studies empowered her to exchange her hustling of snacks and confectionery to dealing in properties. This led to the launch of her own estate agency, and soon she owned dozens of properties.

One day, when she was helping a family member find work as a preschool teacher, she came across an advertisement for the sale of the Chameleon Preschool in Sybrand Park, Cape Town. She bought it and discovered that her passion for education extended beyond her own.

Since then, she has thrown herself into building the Chameleon Group as a chain of independent schools that can provide small classes, individual attention, and top-quality teaching but for communities that cannot afford the established independent schools.

Her next project is to facilitate the training of teachers in the new building in Goodwood. She is also investigating the opening of a new school in another part of Cape Town.

It is inevitable, says Delia, that at some stage she would be looking for a large institutional backer that can help her scale Chameleon into a nationwide group. "But I am not emotionally ready for that yet," she says. "At the moment it is just too exhilarating to see what we can achieve on our own."

Building the community one venture at a time



Musa Myeni Meet Mekaar Resorts

Musa Myeni's remarkable life took him to capitals and university campuses around the world, into corporate boardrooms, political conference rooms and legislatures, and he could have thrived in any of these settings.

Instead, for the past 25 years he has been quietly working to build the rural community in the northern parts of his home province of KwaZulu-Natal, one property development or small business at a time. In a sense, Musa returned home not only geographically, but also spiritually to community-based entrepreneurship, which was part of his life from the start.

Today, his Myeni Group owns businesses in the hospitality industry, construction supplies, fuel retailing and insurance, and employs more than 2 000 people in

KwaZulu-Natal.

One of his many ventures is Meet Mekaar Resorts near St Lucia, which he bought as a small country lodge, and developed it into one of the biggest holiday resorts, conference centre and wedding venues in the district.

Business Partners Limited helped finance the initial purchase of the property in a R3,5 million deal which included shares in the property which Musa has since bought back.

Musa says although his balance sheet was sturdy at the time, the resort project was too "green" for the banks, in other words, it did not yet have proven revenue. In contrast, Business Partners Ltd was willing to take a risk.

"Among finance institutions, Business Partners Ltd is the best in terms of venturing out in territories where formal banks shy away from," says Musa. "They will come and take the risk. They will look after you and be a partner."



But Business Partners Ltd consider the jockey (the entrepreneur) as well as the horse (the business). They calculate the risk well and then they will take the risk where banks run away.

He says formal banks will only give finance to those who have more than enough collateral, and who only really need the finance because it is more convenient than using their own cash reserves. "But Business Partners Ltd consider the jockey (the entrepreneur) as well as the horse (the business). They calculate the risk well and then they will take the risk where banks run away."

Other Myeni Group ventures financed by Business
Partners Ltd are a strip mall in Mtubatuba and an Ultra
City petrol station. The two businesses are only a small
part of the group's businesses that are spread out over
the region where Musa grew up in the 50s and 60s
learning "the art of business and the sweetness of trade"
as he travelled with his father who bought and sold
cattle.

Entrepreneurship was in his blood, says Musa, who started making money as a portrait photographer and trading in cattle himself while he was still at high school. His side hustles continued at the University of Zululand, where he studied politics and was the top student for two consecutive years.

He was also involved in student politics, and his studies were cut short when he suffered horrific detention and torture by the security police in their response to the 1976 uprising.

He was released after eleven months, and became a teacher for a while. Political and corporate leaders had noticed the bright young leader, however, and he was awarded a scholarship to study international relations in Geneva. It was the first of many stints at international universities, including Cambridge and Harvard Business School.

Back in South Africa he joined the Nestlé Group which had funded his studies, and worked as a sales and product manager. Later he travelled the world again as director of the Urban Foundation and in the early 90s, took part in the Codesa negotiations for the IFP before becoming a member of the Gauteng legislature.

All the while, the entrepreneur in him started a supermarket in Zola, a nightclub in the centre of Johannesburg and a fleet of taxis. "I always needed pressure to thrive," says Musa of his hectic work schedule and ability to run several projects at the same time. It is also crucial to appoint qualified managers in each venture, he says. The Myeni Group today employs no fewer than 5 MBAs and a chartered accountant.

In the late 90s, he quit formal politics and returned to his home province, determined to help build the rural economy. His efforts were just as wide ranging as ever, but it centred on his broad-based company Uthungulu Investment Holdings. He mobilised the small investments of 1 100 ordinary folk into a significant stake in the KwaZulu-Natal chapter of Tsogo Sun, of which he became chairman. When the shares were sold in 2012, the deal had created no fewer than 76 millionaires. It was one of the most successful broadbased black economic empowerment deals ever and one of his biggest business achievements, says Musa.

His own payout allowed him, among other things, to build Meet Mekaar Resorts into a major tourist operation.

The resort and several of his businesses, including the Ultra City, took a heavy blow during the pandemic, but the diversified nature of the Myeni Group helped the businesses to survive.

Musa is cautiously optimistic that his operations will be back at their pre-Covid-19 level by the middle of next year, depending on how bad the third wave will be.

At 70, Musa is as busy as ever, developing his biggest venture yet a 15 000 home development near Richards Bay, including a mall and a private hospital.

After long journey, leap of faith pays off for Durban entrepreneur



Sitha RajkoomarThermowise Selection

In her office in Shakaskraal just outside of Durban, Sitha Rajkoomar has a panoramic view, giving her a small glimpse of how far she has come. In the distance, she can see the tiny workshop in Ballito that her company, Thermowise, used to occupy when it was still a struggling company of about 30 workers.

In just a few years, she and her co-owner, Arnold Retief, changed the business model, turned the company around, moved it into a 2 000 square meter factory which they bought with the help of Business Partners Limited, and grew the workforce to 400. Most recently, Thermowise partnered with the German energy solutions company Viessmann, setting it up to become a major player in the local air conditioning, heat pump and energy savings industry.

But that distance to Thermowise's old workshop in Ballito is only a small portion of Sitha's journey to becoming a co-owner of a multinational industrial company.

She grew up poor in Stanger to parents who grew up even poorer. Her father taught himself to read and write using magazines and books left behind by the guests of the hotel where he worked as a barman.

The family's hope was pinned on the children's education. Sitha, who wanted to become a chartered accountant, studied teaching as a stepping stone, but had to cut her studies short when her father died in 1991. She worked in a series of administrative jobs in various businesses, and ran her own take-away

business at one stage.

While raising her own family of four children, Sitha studied accounting through Unisa, and in 2005 joined a boiler-making firm called Zululand Steam as a payroll clerk. She rose through the ranks, but by the time she became a director, the company was deep in the red due to the failure of government departments to settle its invoices. The company was liquidated and more than 1 000 workers lost their jobs.

Arnold Retief was Sitha's former colleague at Zululand Steam who had meanwhile become co-owner of Thermowise, which was then just a small importer and on-seller of heat pump equipment. Recognising that the company needed financial management skills and finance, he approached Sitha to join them.

The small company, which had started in 2008, was in rough shape, says Sitha, but they saw the potential if they could change the business model to include the full range of services from design, manufacturing, installation, and maintenance of heat pump systems.

In a leap of faith, Sitha took a bond on the family house to buy into Thermowise. That was the start of an exhilarating but stressful period in her life. The first major change was to move Thermowise to the rented premises in Ballito. They hired a team of customer relationship managers and they targeted architects, engineers, and builders of large new complexes.

Within just two years, the growth of the company was visible as the stock levels piled up in the yard.

Their first transaction with Business Partners Ltd was to acquire a satellite office in Johannesburg to service the Gauteng area. Business Partners Ltd took a minority stake in the building instead of a deposit, allowing Thermowise to keep as much cash as possible in the business.

Thermowise has already started buying out Business Partners Ltd as a shareholder in the Johannesburg property. Meanwhile, Business Partners Ltd also agreed to finance the company's Shakaskraal headquarters on the same co-ownership basis.



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Just a year or two after Sitha joined Thermowise, they realised that they would have to find a large investor to capitalise on the company's growth potential, and when they were approached by the German Viessmann group in 2018, they were open to the idea.

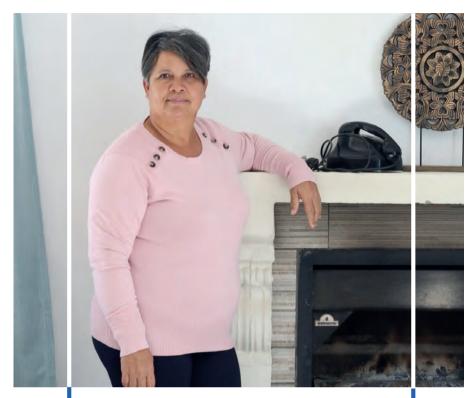
What followed was close to two years of cautious due diligence, including visits to Germany, building up to an intense negotiation of the final selling price of their shares.

Late last year, Viessmann bought 51 percent of Thermowise shares and invested millions into the company.

This year, their new clout in the market allowed Thermowise to buy out a significant competitor, Sirac Heat Pumps, together with an exciting patent for a heat accumulator. "The challenge now is to make us all fit like pieces of a puzzle," Sitha says.

Prospects are looking good for expansion into the rest of Africa, and although Sitha is contractually bound to stay with the company for two years only, she still sees a long and exciting journey ahead.

Guest house owner defies Covid-19 with patience and adaptability



Annelene van Wyk Undulata Country Lodge

Adaptability, initiative, and patience are key ingredients for entrepreneurial success, especially if you have to build a business with as few resources as Annelene van Wyk had to work with.

She left school in grade 7 as an orphan, and started working as a shelf packer in a supermarket. Fending for herself from such an age in arid Namaqualand instilled in her a fierce, almost obsessive, work ethic, and when her career was thwarted by her lack of formal education, she threw herself into building her own business.

Today, Annelene is the owner of Undulata Country Lodge, a luxurious guest house in the Northern Cape town of Springbok which she built room by room out of an old, rented boarding house over the last twelve years. It helps, says Annelene, to have a financier who shares her attributes of flexibility and patience.

Business Partners Limited first financed Annalene's venture twelve years ago after a long struggle of hers to raise money to lift her out of a frustrating trap that she found herself in. She had been renting the Undulata property for some time with the option to buy it. It was an old boarding house, but Annelene, using every bit of income from the property to upgrade the rooms, had been turning it incrementally into an upmarket guest house.

The problem was that she needed to raise finance to buy the property and add more rooms, but the revenue from the existing six rooms was too low for any financial institution to finance the purchase. Annelene adapted her plan by renting rooms elsewhere in town to increase the revenue of the business. It worked. Seeing that she was able to fill additional rooms, Business Partners Ltd bought into her vision and financed the purchase of the property to the tune of R1.2 million. Instead of expecting her to put down a deposit, Business Partners Ltd took a minority share in the property.

Owning the property allowed Annelene and her husband to add a further five rooms incrementally to the guest house. It took a while, as they used any spare revenue from the business to build them bit by bit, "but when we finished them, each was a masterpiece," says Annelene.

Undulata thrived as a guest house, and in 2015
Annelene approached Business Partners Ltd for a second round of finance to take her business up a notch. She wanted to build a dining room, a conference centre, a new kitchen, and extra rooms. This time, she had no trouble getting the finance, but the contractor hired to do the building went under before he finished the job.

Annelene and her husband jumped in themselves, overseeing the finishing with the use of local artisans. She says Business Partners Ltd supported them patiently all the way, managing the payments to the artisans as they finished the buildings.

With the new facilities, Undulata's 17 rooms were still not enough, and soon were at it once again, adding a store room, laundry, and more rooms to 2700 square meter property with their own revenues.

66

Covid-19 stopped not only this expansion, but all business activities at the guest house for a whole three months. "It was hell," says Annalene who had to struggle to get the Unemployment Insurance Fund (UIF) to make its Temporary Employee Relief Scheme payments to all of her six staff members. Again, Business Partners Ltd supported her through the crisis with a R300 000 low-interest rate relief loan which is only repayable from July.

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From about the middle of last year guests started trickling back, and Annelene shared the little bit of work that there was among the staff. Then the trickle turned into a flood as, among other things, a large Eskom contingent came to town, filling up the guest house.

"My bookkeeper couldn't believe the figures when she saw it," says Annalene. "She had to check the bank account to see that it was for real."

Things are still a bit uncertain with the possibility of a third wave, and Undulata has not yet begun hosting conferences again, but the return of guests so far has made her optimistic that the latest expansion plans will soon be complete.

And after that there is paving that needs to be done, a swimming pool that will be built, and, in a culmination of her dream, a beauty spa. They might seem far off now, but Annalene has learned that all she needs is a flexible plan and some patience.

Multi-decade symbiosis between landlord and tenant



Johann Cadle

MJ Labs

Anyone who has ever run a small business knows that growing an enterprise from 5 to 125 people and from 120 square meters to 4 000 squares over two decades is nothing short of a triumph. And, fortunately, it is not entirely uncommon. But what makes Johann Cadle's business - MJ Labs - rather unique is that he pulled it off in one rented site, without ever having to move his operation.

Johann started MJ Labs, a manufacturer of health supplements and alternative medicines, in a garage in Kempton Park in 1998. Within a year and a half, he needed more space and knew from his previous employment of the set of workspace units tucked away behind some street-facing buildings in a corner of Silverton, Pretoria.

Johann was aware that it had stood empty for a while. If the demand on the space was not that much, he reckoned, he could occupy it bit by bit as his business grew without having to worry about bumping up against any neighbouring tenants.

The buildings, together with others around it, belonged to Business Partners Limited, who more or less held the same view as Johann, and a multi-decade symbiosis between landlord and tenant took shape. Starting with a 120 square metre set of offices, Johann had to pull out the carpets and convert the space according to the clinical standards required by his industry.



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Throughout the years, Business Partners Ltd allowed him to add a bit more space every time he added a new machine, production line or team. "I must say that Business Partners Ltd was very supportive in that regard. When Sahpra (the South African Health Products Regulatory Authority) tells you to make some changes to your production facility, they sometimes give you three weeks to get it done. Business Partners Ltd understands the situation and they've always been quick to give permission," says Johann.

Johann had spent the first half of his career in the pharmaceutical sector, although he always knew that he wanted to build his own business. At six, growing up on a farm in Pelgrimsrus, he remembers negotiating produce deals with the local trade store owner, who humoured him and perhaps helped plant a seed that never stopped growing.

"I always had a money-making project or some work going on on the side," he says.

He also had a speculator's eye for the market. After matric, in the few months before his conscription period started, Johann ran a pawn operation of sorts. Acting on a tip, he invested his savings in gold and by the time he left the army, the investment had grown so much that he could pay for his studies in chemical engineering.

Johann purposefully joined the pharmaceutical industry after his studies to learn about business and worked his way up the ranks to become the head of production at Roche and later at Sentrachem.

In 1997, when Sentrachem was bought by an international company and Johann had to reapply for his job in the merger process, he decided it was now or never. Sometime before this he had already collected some basic machines and equipment and was ready to start fulfilling orders that were too small for the large companies.

Almost from the very start, Johann matched his corporate salary in revenue and could make a living, but he lived very frugally, ploughing every cent he could back into the growth of the business.

Growth was steady and continuous, with new products added every year for a range of alternative medicine and supplement brands. Johann is especially proud of the young, energetic team, including highly qualified technicians and pharmacists, that he has managed to build up.

In 2003 the industry became legally regulated for the first time. Complying with the new regulations and inspections was at times a frustrating process, but it helped to weed the unscrupulous players from the market, says Johann. Today, MJ Labs is one of five outfits that are fully licensed. MJ Labs became an early supplier to USN, the very successful South African brand of sports nutritional supplements, which allowed Johann to grow some of his production facilities in conjunction with USN.

In a move reminiscent of the successful gold investment of his youth, Johann predicted that the world supply of vitamin C was going to run out in 2010, and he invested all the spare cash he had to buy as much as he could. He turned out to be exactly right, and for a few months he found that he controlled the local market for vitamin C, earning him millions.

None of these highlights came close to last year, though, when the pandemic induced MJ Labs' best year ever. The super sterile conditions inside the factory, down to the air filtration system, meant that Covid-19 safety protocols were not an issue, and the demand for health products shot through the roof.

From a production point of view, it was Johann's most challenging year. Raw materials were difficult to come by, broken machine parts had to be replaced with tailor-made fixes by local engineers because the manufacturers were locked down, and the MJ Lab teams had to run long shifts seven days a week for months at a time.

Johann says he is immensely proud of his dynamic staff who pulled it off. MJ Labs started this year with a significant increase in clients whom they won over last year, and is expecting strong growth in the production of effervescent tablets and mass food fortification.

It looks like MJ Labs will be needing some more space soon.

Entrepreneurial thinking key to return to business growth



Els Botha

Lion's Guest House and The Buck & Lion Restaurant

As the hospitality industry emerges from the Covid-19 pandemic, entrepreneurial creativity will play a crucial role in the return to growth. Els Botha, owner of the Lion's Guest House and The Buck & Lion restaurant in Groblersdal, Limpopo, provides a hopeful example of how a single good idea can go a long way to heal some of the damage caused by the crisis.

Back in 2012, soon after Els and her husband Cornel had bought the guest house and opened the accompanying restaurant, she tried hosting a farmers' market on the property, but drew exactly four stalls, so she shelved the idea as a failed experiment.

But in September last year when the easing of the restrictions allowed it, she tried it again in the hope

of drawing local clients back to the restaurant. She reckoned that the open-air nature of a farmers' market would put people at ease and that there was pent-up demand from both the buying and selling members of the public for such a social event.

She was right. Els had to squeeze no fewer than 36 stalls into the plush gardens of the guest house and the crowds kept coming.

Now the farmers' market seems to be fixed on the town's social calendar as a seasonal event, with one held every three months. For the December and March markets, Els had to turn aspirant stallholders away simply because there is no more space in the garden.

The Lion's Guest House makes no money from the market itself, apart from filling the restaurant on the day. The idea was to show the townsfolk that the restaurant was open, and to brand it as a great local meeting place. A raffle held on each market day also raises a few thousand rand for a local charity.

Els believes that it is this kind of entrepreneurial thinking of hers that helped to convince Business Partners Ltd back in 2014 to approve her application for finance to buy the property on which their guest house stood.

Els and Cornel had already bought the guest house business from the elderly owner who still lived on the property, but did not have enough of their own capital to buy the premises. The banks were only prepared to finance half of the selling price, so Els approached Business Partners Ltd, who sent a team of investment employees from its offices in Nelspruit to visit the quest house, which at that stage had nine rooms.

Els says they must have liked what they saw, not only the premises and the business, but she also got the sense that "they were looking for a certain kind of entrepreneurial personality" - someone with a realistic approach and the ability to plan.



They were looking for a certain kind of entrepreneurial personality - someone with a realistic approach and the ability to plan.

Business Partners Ltd financed the full purchase price of the property in return for a 30 percent shareholding, of which Els has already bought back about 15 percent.

Els believes she always had an entrepreneurial streak in her and had decided early on that she wanted to run her own business one day. She remembers a school trip at the age of 11 for which her mother gave her 20 Belgian francs. She came back with 50 francs, having rented out her handheld video game to her classmates.

After studying speech therapy, she came to South Africa at 22 as an au pair for the children of a Dutch doctor who was running the Ndlovu Care Centre, a community clinic near Groblersdal. "He realised I was not au pair material and soon I was managing an HIV and TB programme for him," says Els.

This gave her the grounding to become a project manager for Medicine Sans Frontier (MSF) in Nigeria together with Cornel, a journalist whom she had met in Groblersdal. The couple also spent a year in Zimbabwe before returning to Groblersdal where Cornel started his own community newspaper, the Sekhukhune Dispatch.

She joined the Lion's Guest House as manager at first, but with the option of buying it. Els's project management work at the Ndlovu clinic and for MSF must have prepared her well for the challenges of growing a business. "At the remote MSF sites you are far away from your head office, so I learned to take difficult decisions and to deal with risks," she says.

Els and Cornel started transforming the guest house even before they bought it, replacing old carpets with tiles and upgrading the rooms. Having bought the business and the property, they sold their own home in Groblersdal and moved onto the guest house property, established the restaurant and added three extra rooms. Revenues have been growing well every year until the pandemic, and this year income is again at record highs, says Els.

Groblersdal is a regional agricultural hub, and their guests are mostly business people who come to the region for work, while 70 percent of the restaurant's customers are local. Els says the guest house probably cannot accommodate more than the current eleven rooms, but the next growth phase will entail the upgrading of the quality of the rooms and generating income from the unused areas of the property by installing, among other things, a pizza oven to fulfil the town's demand for quality pizzas.

For this next part of their adventure together, Cornel is selling his newspaper to join Els fulltime in the business.

Small loan sparks string of home-grown restaurants



Mbulelo Nkqali Man Buy and Braai

At the turn of the millennium, Mbulelo Nkqayi was ready to embark on the most exciting time of his life. He was 40, and had spent most of his career as a civil servant, the last few as a trainer, teaching unemployed people how to start their own businesses.

"I wanted to practice what I preached," says Mbulelo, who had spotted a derelict building in Mdantsane where he lived. He bought it from the Eastern Cape Development Corporation with his savings and pension payout and set about fixing it to turn it into a butchery, for which there was a clear need in the area.

All he had to do now was raise a loan so that he could buy the equipment needed to run a butchery. He was confident that he would get a loan at a state-run small business finance scheme that was set up for exactly his kind of situation - he had a viable business idea, a well worked out plan, and he has spent most of his own resources on developing the idea to the point where it was much more than a plan. He even had collateral in the form of the building itself. All he needed was the last bit of finance for equipment to get the business going. From his own small business start-up training courses, he knew that he was a textbook candidate for a small-business finance scheme.

Yet they turned him down, saying he was not a qualified butcher, making his venture too risky for their risk finance. Mbulelo despaired. How would he ever be able to raise a bank loan if even a small business development agency turned him down?

Driving around Mdantsane, he spotted a sign for the Small Business Development Corporation, which was about to change its name to Business Partners Limited. "I went in there, and in no time, I had my loan," says Mbulelo. It was for R160 000, repayable over five years. Business Partners Ltd used the building as security, and the only other requirement for the loan was that Mbulelo should appoint a qualified blockman to cut the meat.

Mbulelo's butchery turned into Man Buy and Braai, one of the most popular shisa nyama restaurants in Mdantsane, and spawned two other outlets in Qonce (King Williams Town) and Komani (Queenstown). Shisa nyama, which roughly translates as braai or barbecue, is an established part of South African township lifestyle where people gather socially around meat sellers to braai the meat they buy on the spot.

Mbulelo says his Man Buy and Braais differ slightly from other shisa nyamas because of its emphasis on food as opposed to liquor. "With most shisanyamas the meat is just a sideline," says Mbulelo.

The loan was also the start of a long relationship between Mbulelo and Business Partners Limited. His next loan was for R1,2 million to buy a building in downtown Qonce and convert it into the second outlet of Man Buy and Braai. Here Mbulelo introduced cooked food, along with the traditional shisa nyama option of buying the raw meat to braai on the spot.

Partnering with his brother Vuyani, he opened a third branch in Komani, borrowing a further R600 000 from Business Partners Ltd. He took a fourth loan of R500 000 for an outlet in Port Elizabeth in which he partnered with another entrepreneur, but the venture failed because the partnership did not work out, says Mbulelo.

All the loans have long been paid up and Mbulelo's businesses are debt free. Lately, business has been slow through the pandemic "because many people have lost their jobs and don't have money, but we are surviving", he says.

Apart from the finance, Business Partners Ltd also introduced a consultant to Mbulelo who helped him with the costing of cooked food when he opened his Opnee branch

"I don't think about going anywhere else than Business Partners Ltd for finance now. If I need a loan for some improvements or I need to buy equipment, I go to Business Partners Ltd. The thing is I'm comfortable with them, they know me, I know them. We've got a history with each other, which makes things easy and fast," says Mbulelo.



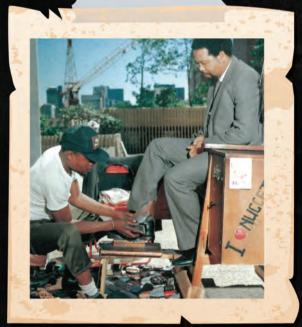
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The exception was when Mbulelo and Vuyani bought a cattle farm in the Qumrha area. Because Business Partners Ltd does not do primary agriculture finance, the brothers had to use Land Bank finance. The idea is to build a small abattoir on the farm and to become self-sufficient by vertically integrating the supply of meat from the abattoir with the three restaurants.

Most recently, Mbulelo has been eyeing a beachfront property in East London for a possible fourth Man Buy and Braai outlet. "It's the perfect spot," he says. He's not sure yet if he'd be able to negotiate a long lease or buy it, but whichever way, he knows exactly where to go for finance to set up a new restaurant.













CORPORATE GOVERNANCE REPORT

n our dealings with stakeholders, Business
Partners Limited is committed to the principles of
transparency, integrity, accountability, competence,
responsibility, fairness and compliance with all the laws
that govern our business activities.

We apply the principles of good corporate governance of the King IV Report on Corporate Governance for South Africa, 2016 (King IV), using it as a tool to measure performance and actions against best practice and standards.

We continually evaluate the recommended practices of King IV that apply to our business and activities to improve existing corporate governance structures and practices, providing stakeholders with the necessary assurances. By applying these principles, the Board strikes a balance between enforcing accountability and bolstering entrepreneurial spirit.

Our Board of Directors

Composition and structure

Business Partners Ltd has a fully functional Board that leads and controls the Business Partners Group. Business Partners Limited has a unitary Board which ensures that the roles of the Chairperson of the Board and Managing Director are not vested in one individual, and a clear division of responsibility exists between the two.

In compliance with the principles of King IV, the chairperson, currently Mr Nazeem Martin, is an independent non-executive director who holds office for a maximum period of one year at a time.

The Board, through the Nominations Committee, reviews the composition of the Board and its Committees annually. The independence of directors is assessed both in terms of the statutory requirements of the Companies Act, 2008 and the recommended practices of King IV in light of 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. Each director must also submit to the Board a declaration

of all financial, economic and other interests held in Business Partners Ltd by the director and his or her related parties. The incumbent Board has an appropriate balance of executive, non-executive and independent directors, which ensures the high degree of independence required to maintain objectivity, as well as the effective functioning of the Board and its committees.

At least 50 percent of the Board is elected by shareholders, as per the requirement of the Companies Act, 2008.

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 directors, which clarifies the demographics, qualifications and experience of the incumbent Board can be found on pages 16 to 19 of the Annual Integrated Report.

The following directors served on the Board during the 2020/2021 financial year:

- Directors elected by a majority of shareholders at the annual general meeting in terms of article 20.1.2 of the memorandum of incorporation (MOI): Ms O Kotze, Mr N Martin (chairperson), Mr F Meisenholl, Mr D Moshapalo, Mr SST Ngcobo and Ms HE Tshivhase.
- Directors appointed by shareholder/s holding at least 10 percent of the issued share capital in terms of article 20.1.3 of the MOI: Mr CW Ceasar, Ms M Lubbe, Mr MD Matshamba (from 8 February 2021), Mr AM Mahosi, and Mr NJ Williams.
- Executive directors appointed by the Board and confirmed by an election of shareholders in terms of article 20.2 of the MOI: Mr BD Bierman (Managing Director).

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

Nomination for re-election only occurs after the evaluation of the performance of the Board and the directors' performance, including attendance at Board meetings and its committee meetings, the director's contribution and his or her objectivity of business judgment calls.

Roles and responsibilities

The Board of Directors conducts the affairs of Business Partners Limited based on its diverse industry knowledge and experience. As the Company's highest governing and decision-making body, corporate governance is ultimately the responsibility of the Board.

The Board Charter identifies, defines and records the responsibilities and functions of the Board, which is reviewed annually to guide its effective functioning. The Board gives strategic direction to the Business Partners Limited Group. It retains effective control through a well-developed governance structure that provides the framework for delegation and monitoring of decision-making bodies in implementing plans and strategies, as well as the measurement of financial performance against objectives. In its decision-making, the Board appoints executive directors and approves the annual budget, interim results and financial statements.

The Managing Director is accountable to the Board and has been delegated the authority to achieve corporate objectives and manage the business affairs of the Business Partners Limited Group, subject to statutory parameters and the limits imposed by the Board. The Managing Director is generally responsible for implementing all operational decisions.

The Nominations Committee reviewed the Board's 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.

Remuneration of non-executive 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 annual general meeting. 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.

Board of Directors meetings

The Board meets at least four times a year and follows an annual workplan to ensure that all relevant matters are dealt with. During the year under review the Chairperson and the Company Secretary called a special meeting of the Board in response to the Covid-19 pandemic and the national lockdown in terms of the provisions of the MOI and section 73 of the Companies Act.

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 graph below. Directors who were unable to attend meetings had tendered their apologies in advance.

DIRECTORS' BOARD MEETINGS ATTENDANCE FOR THE YEAR ENDED 31 MARCH 2021						
MEMBERS	ATTENDANCE		MEMBERS	ATTENDANCE		
Mr BD Bierman (Managing Director)	5/5		Mr MD Matshamba	1/1		
Mr CW Ceasar	5/5		Mr F Meisenholl	5/5		
Ms O Kotze	5/5		Ms HE Tshivhase	4/5		
Ms M Lubbe	5/5		Mr D Moshapalo	5/5		
Mr AM Mahosi	5/5		Mr SST Ngcobo	5/5		
Mr N Martin (Chairperson)	5/5		Mr NJ Williams	5/5		

Note:

- Mr MD Matshamba served from 8 February 2021.
- The Chief Financial Officer and Chief Risk Officer attended meetings as standing invitees, and two
 other executive members attended board meetings on a permanent basis to ensure that
 the Board had adequate direct interaction with management.

Our board committees

(i) Audit and Risk Committee

The Audit and Risk Committee ensures that the Business Partners Ltd Group's financial standing is sound. The Board mandates the committee to raise any finance and risk-related concerns; hence the committee performs a vital role in the Company's integrated risk management process.

The shareholders of Business Partners Ltd has appointed an Audit and Risk Committee, which consists of four suitably skilled and experienced non-executive directors who meet the requirements of section 94 of the Companies Act, 2008. One of the members of the committee is appointed by the Board as chairperson of the committee.

During the year under review, each committee member conducted an annual assessment of the committee's performance against the duties and responsibilities set out in its approved charter. They declared themselves satisfied that the committee had fulfilled its responsibilities.

The external and internal auditors attended meetings as standing invitees and were given a private audience with the committee at three of its meetings to exchange views and concerns that may not be appropriate for discussion in an open forum.

The Audit and Risk Committee provides feedback to the Board at each Board meeting following an Audit and Risk Committee meeting. Reporting to shareholders for the 2020/2021 financial year is done through the Audit and Risk Committee Report that appears in the financial statements.

MEMBER	ATTENDANCE
Ms O Kotze	4/4
Mr AM Mahosi	2/2
Mr N Martin (Board Chairperson)	2/2
Mr F Meisenholl	4/4
Mr NJ Williams (Chairperson)	4/4

Note:

- Mr AM Mahosi was elected on 19 August 2020.
- Mr N Martin was appointed as a member by the Board in filling a vacancy for the period
 22 October 2019 to 19 August 2020. As Chairperson of the Board, he attended meetings as a standing invitee for the remainder of the financial year.
- The Chairperson of the Social and Ethics Committee, Mr D Moshapalo, attended the financial year-end meeting as a standing invitee.
- The Internal Auditor, Independent External Auditor, Managing Director, Chief Financial Officer, Chief Risk Officer and Executive General Manager for Property Management Services attended meetings as standing invitees.

(ii) Nominations Committee

The Nominations Committee's role is to help ensure that the incumbent Board and its Committees are appropriately structured to execute their functions effectively and review the performance of the incumbent Board, individual directors, the Chairperson and the Board Committees' performance annually.

As part of its duty to oversee a succession plan for the Board, the Nominations Committee from time to time identifies suitable potential candidates to serve as directors. This is done 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.

MEMBER	ATTENDANCE
Ms M Lubbe (alternate)	N/A
Mr AM Mahosi	1/1
Mr N Martin (Board Chairperson)	2/2
Mr D Moshapalo	2/2
Mr NJ Williams	2/2

Note:

- Mr AM Mahosi was appointed as a member from 19 August 2020.
- The Managing Director attended meetings as a standing invitee.

(iii) Board of Directors Investment Committee

The role of the Board of Directors Investment Committee is to consider investments within its mandate, and during the year under review this was done diligently with members attending meetings on a rotating basis.

(iv) Transactions Committee

The Transactions Committee ensures 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. It meets when required and has no permanent members. The Chairperson of the Board or of the Audit and Risk Committee selects a disinterested quorum for a meeting, when required.

During the 2020/2021 financial year three meetings of the Transactions Committee were called for matters that required consideration.

MEMBER	ATTENDANCE
Mr BD Bierman (Managing Director)	3/3
Mr CW Ceasar	2/2
Ms O Kotze	2/2
Mr N Martin (Board Chairperson)	1/1
Mr SST Ngcobo	1/1

Note:

- No permanent members are appointed.
- Any two non-executive directors and the Managing Director constitute a quorum, provided they have no conflict of interest in the matter.

(v) Human Resources and Remuneration Committee

The Human Resources and Remuneration Committee takes an in-depth view of and makes 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.

The Human Resources and Remuneration Committee consists of four members and one alternate member. All members are non-executive directors. The Board, through an assessment conducted by the Nominations Committee, is supportive of the Chairperson acting as chairperson of this committee given the necessity to align Business Partners Ltd's remuneration of executives with corporate strategy.

In the year under review, each member completed an annual assessment of the committee's performance, measured against the duties and responsibilities set out in its charter. The members declared themselves satisfied that the committee had fulfilled its obligations.

MEMBER	ATTENDANCE
Ms M Lubbe (alternate)	N/A
Mr N Martin (Board Chairperson)	4/4
Mr D Moshapalo	4/4
Ms HE Tshivhase	4/4
Mr NJ Williams	4/4

Note:

 The Managing Director and Executive General Manager: Human Resources attended meetings as standing invitees.

(vi) Company Secretary and compliance governance

The Board-appointed Company Secretary's role is to guide the Board collectively, and the directors individually, with regards to their duties, matters of ethics and good governance, and discharging their directors' responsibilities in the best interest of the Business Partners Ltd Group. The Company Secretary has unfettered access to the Board but is not a member of the Board.

The Company Secretary assists the Chairperson of the Board and Managing Director with the orientation and induction of new directors. During the year under review, all newly appointed directors participated in the Company's induction programme.

Since the Board views regulatory awareness as an essential aspect of governance, the Company Secretary Is furthermore responsible for making the Board aware of legislation and regulations relevant to Business Partners Ltd.

The Company Secretary ensures the proper administration of the proceedings and matters relating to the Board, Business Partners Ltd and the shareholders of Business Partners Ltd in accordance with legislation and procedures.

The Company Secretary acts as the primary point of contact between shareholders and the Business Partners Ltd Group, monitors over-the-counter dealings in the Company's securities and ensures adherence to closed periods for share trading.

(vii) Social and Ethics Committee

The Social and Ethics Committee assists the Board with reporting on social, ethical, and transformational practices, and monitoring the Company's performance as a good and responsible corporate citizen in terms of its approved charter. Any material matters and risks identified by the committee are reported to the Audit and Risk Committee, Human Resources and Remuneration Committee or the Board of Directors.

As some of the functions of the Social and Ethics Committee overlap with those of the Audit and Risk Committee, the internal auditors attend Social and Ethics Committee meetings by standing invitation and are tasked with providing assurance to the committee as part of the combined assurance process. In addition, the chairperson of the Social and Ethics Committee attends, as a standing invitee, the Audit and Risk Committee meeting when the annual financial statements are considered.

The chairperson of the committee reports to shareholders on the committee's statutory obligations at the annual general meeting.

MEMBER	ATTENDANCE
Mr BD Bierman (Managing Director)	2/2
Ms M Lubbe	1/1
Mr D Moshapalo (Chairperson)	2/2
Mr SST Ngcobo	2/2

Note:

- Ms M Lubbe was appointed as a member from 19 August 2020.
- Mr N Martin and the Internal Auditor attended the meetings as standing invitees.

(viii) Ad hoc Strategy Review Committee

During February 2020, the Board constituted an ad hoc Strategy Review Committee with a mandate to review the Company's strategy.

In addition to its appointed members, the committee may call upon any Board member for input on a specialist area pertaining to the review of the strategy.

MEMBER	ATTENDANCE
Mr BD Bierman (Managing Director)	1/1
Mr CW Ceasar (alternate)	1/1
Ms O Kotze	1/1
Mr AM Mahosi	1/1
Mr N Martin (Board Chairperson)	1/1
Mr D Moshapalo	1/1
Mr NJ Williams	1/1

Note:

 Both Mr Williams and his alternate, Mr Ceasar attended the meeting as agreed by the Chairperson of the Board.

Distribution of shareholding	Number of holders	Percent of holders	Number of shares	Percent of shares
0 - 10 000	28	32,2%	91 705	0,1%
10 001 - 100 000	19	21,8%	690 883	0,4%
100 001 - 1 000 000	24	27,6%	7 014 341	4,1%
1 000 001 - 10 000 000	13	14,9%	40 342 231	23,3%
10 000 000 and above	3	3,5%	124 861 434	72,1%
	87	100%	173 000 594	100%

Shareholders	Number of shares	Percent of shares
Eikenlust (Pty) Limited (Remgro Limited)	76 276 317	44,1%
Small Enterprise Finance Agency SOC Limited	37 294 299	21,6%
Old Mutual Life Assurance Company (South Africa) Limited	11 290 818	6,5%
Absa Group Limited	8 117 003	4,7%
Nedbank Limited	6 717 405	3,9%
Firstrand Limited	5 991 360	3,5%
Standard Bank Group Limited	5 602 422	3,2%
First National Nominees (Pty) Limited	2 936 373	1,7%
Barloworld Limited	2 209 594	1,3%
Balance of shareholders*	16 565 003	9,6%
	173 000 594	100%

^{*} No other individual shareholder holds more than 1% of the issued share capital of the Company.



	2021 / 2020 (Increase/ decrease)	2021	2020	2019	2018	2017
Consolidated statement of financial po	sition (R000	0)				
Investment properties	1,0%	1 665 470	1 648 526	1 519 679	1 478 948	1 360 269
Loans and receivables	-0,3%	2 842 627	2 851 101	2 940 964	2 956 025	2 783 299
Cash and cash equivalents	1,9%	370 946	363 885	48 258	48 125	88 775
Total assets	1,1%	5 686 096	5 625 646	5 202 594	5 116 737	4 758 614
Net borrowings*	-9,1%	1 173 057	1 289 908	1 183 305	1 252 100	1 042 667
Capital and reserves**	3,3%	3 609 603	3 493 746	3 498 667	3 360 822	3 177 472
Consolidated statement of comprehen	sive income	(R000)				
Net profit		95 717	55 428	212 881	218 387	207 131
Net profit attributable to equity holders		94 122	53 484	212 403	218 387	207 131
Adjustments		(41 796)	5 587	(60 344)	(66 893)	(80 628)
Headline earnings		52 326	59 071	152 059	151 494	126 503
Change in net profit		72,7%	-74,0%	2,8%	5,4%	11,0%
Change in net profit attributable to equi	ty holders	76,0%	-74,8%	2,5%	5,4%	11,2%
Change in headline earnings		-11,4%	-61,2%	0,4%	19,8%	11,7%
Share statistics						
Earnings per share (cents)	76,1%	54,4	30,9	122,8	126,2	119,7
Headline earnings per share (cents)	-11,4%	30,2	34,1	87,9	87,6	73,1
Dividends per ordinary share (cents)	0,0%	-	=	23	22	21
Dividend cover (times)	0,0%	-	-	5,3	5,7	5,7
Net asset value per share (cents)	3,3%	2 086,5	2 019,5	2 022,3	1 942,7	1 836,7
Ratios						
Effective tax rate	-10 bps	30,3%	30,4%	25,9%	25,7%	29,1%
Return on opening shareholders' interest	130 bps	2,7%	1,5%	6,7%	6,9%	6,5%
Return on average assets	70 bps	1,7%	1,0%	4,3%	4,4%	4,5%
Cost to income***	-160 bps	63,1%	64,7%	53,9%	49,5%	48,9%
Net profit per employee (R000)	70,9%	357,0	208,9	798,5	821,0	778,7
Debt to Equity	440 bps	32,5%	36,9%	33,8%	37,3%	32,8%
Debt to Assets	-160 bps	20,6%	22,9%	22,7%	24,5%	21,9%
Number of shares		173 000 594	173 000 594	173 000 594	173 000 594	173 000 594

^{*} Total borrowings less cash and cash equivalents

Cost = Staff costs, Other operating expenses, and Property expenses (As included in Net property revenue)
Income = Total income adjusted by excluding Property expenses from Net property revenue

The above five year summary has been prepared based on the annual financial statements

^{**} Excludes non-controlling interest

^{***} Cost to income ratio:

ANNUAL FINANCIAL REPORT 2021

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 the 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

N Martin Chairperson Mati

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, the 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, PricewaterhouseCoopers Inc., to report on the fair presentation of the annual financial statements. Their unqualified report appears on pages 108 to 109.

The consolidated and separate annual financial statements of the Group and Company, which appear on pages 116 to 202 were approved by the Board of Directors on 4 June 2021 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.

I certify, in terms of section 88(2) of the Companies Act 71 of 2008 ('the Act'), that for the year ended 31 March 2021, 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 GerbrandsCompany Secretary
4 June 2021



COMMITTEE REPORT

This report is provided by the Audit and Risk Committee, in respect of the 2021 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 2021:

- Four committee meetings were held during the financial
- 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.
- Reviewed and discussed the independent auditor's

Julians

NJ Williams

4 June 2021

Chairperson: Audit and Risk Committee



TO THE SHAREHOLDERS OF BUSINESS PARTNERS LIMITED

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Business Partners Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2021, and its consolidated and separate financial performance and its 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.

What we have audited

Business Partners Limited's consolidated and separate financial statements set out on pages 116 to 202 comprise:

- the consolidated and separate statements of financial position as at 31 March 2021;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing

audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled Business Partners Limited Annual Integrated Report, which includes the Directors' Report, the Audit and Risk Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with 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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or 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 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

Dricewalmhan Coopers Inc

PricewaterhouseCoopers Inc.

Director: Stefan Beyers

Registered Auditor

4 Lisbon Lane, Waterfall City, Jukskei View, 2090

4 June 2021



FOR THE YEAR ENDED 31 MARCH 2021

Nature of the business

Business Partners Limited, a specialist financial services group, offers risk finance, mentorship and business premises to small and medium enterprises (SMEs). In addition to operating in South Africa, the Group manages SME investment funds on behalf of international investors in East Africa (Kenya, Rwanda and Uganda) and Southern Africa (Malawi, Namibia, and Zambia).

The Group's investment property portfolio consists primarily of industrial and retail properties and is managed by the Group's property management team. This team also offers property a property management service to other property owners.

2 Market conditions

The response to the COVID-19 pandemic continued to impact economic activity and recovery. After the devastating effects of hard lockdowns, global growth has remained negative throughout much of the period under review.

Prior to the onset of the Coronavirus, the South African economy was battling several headwinds such as intermittent electricity supply, fiscal deficits and pedestrian economic growth. These headwinds resulted in the South African economy going into recession at the end of March 2020, with more than 29 percent of the workforce unemployed.

The lack of confidence in the economic environment has had a dampening effect on SMEs' expansion and new business prospects. Opportunities for investing in SMEs and in real estate were negatively affected in most sectors.

3. Operational performance

In South Africa, 285 (March 2020: 264) investments amounting to R744,3 million (March 2020: R1 089,5 million) were approved.

In total, investments disbursed by the Group (which includes the activities of BPI) decreased by 38,8 percent year on year to R 643,0 million (2020: R 1 049,8 million).

The credit risk, measured by the client balances with repayment obligations in arrears, deteriorated year on year from 22,6 percent in the prior year to 35,5 percent of the investment portfolio in March 2021.

The Group manages a geographically dispersed property portfolio of 149 (2020:144) industrial and commercial properties, providing business premises with a lettable area of more than 473 000m² (2020: 450 000m²) to 1 507 (2020: 1 586) tenants.

The vacancy rate of 9,9% percent (2020: 5,2 percent) of lettable area, and the rental payments in arrears of 67,7 percent (2020: 23,3 percent) at the end of the period, reflects the challenges experienced in the commercial property environment as a result of the economic headwinds. The total yield on the investment property portfolio amounted to 9,4 percent (2020 negative 3,8 percent) and the portfolio is carried at a fair value of R1 665,5 million (2020: R1 648,5 million).

4. Financial Highlights

The Group's net profit amounted to R95,7 million, a 72,7 percent increase from the R55,4 million profit reported in the prior year.

The investment property portfolio has showed signs of recovering, with vacancies decreasing and rent collections improving in the last quarter. Considering the continued negative impact of COVID-19 on medium term improvements in rental rates and occupancy, the increase in value of the portfolio amounted to 1,5 percent (R24,3 million), well below the inflation rate. The adjustment in the prior year – a devaluation of R63,9 million – incorporated the negative effects of COVID-19 over the medium term. A reassessment of the continued impact of the pandemic was included in the valuation and amounted to an effective increase in Capitalisation rates of 40 bps for the portfolio.

This positive value increase contributed to the improvement in investment income and gains from R11,1 million in the prior year to R64,9 million for the current year.

The average interest rate for the year decreased by 300bps and contributed to a 20,9 percent decline in net interest revenue. Net property revenue decreased by 17,4 percent, largely the consequence of increased vacancies as well as the effects of rental relief provided to clients. Total income decreased from R495,2 million to R470,9 million a decrease of 4,9 percent year on year.

With economic recovery taking longer than initially expected, SMEs continued to suffer the effects of the pandemic through further lockdowns in the 3rd quarter, restrictions on travel and the added disruption of intermittent electricity supply. These headwinds were evidenced in the increased credit risk of the portfolio requiring an additional impairment charge of R79,1 million, an increase in the impairment percentage from 12,4 percent to 15,5 percent of the gross portfolio value.

Net credit losses for the Group decreased by 34,2 percent to R97,3 million (2020: R147,8 million). Bad debts written off decreased by 62,7 percent from R94,3 million in the prior year to R35,2 million.

Staff costs and operating expenses decreased 11,8 percent from R267,8 million in the prior period to R 236.2 million.

5. Going concern

The going concern status is evaluated based on the most relevant and up to date information. These factors were considered in the preparation of the annual financial statements for 31 March 2021 and incorporated in developing forward looking financial information.

The key assumptions incorporated in the assessment of financial performance over the medium term are as follows:

- The economic activity to recover with GDP growth between 3 and 4 percent over the next two years
- A low interest rate environment with the prime interest rate to remain below 8 percent
- High levels of credit risk and credit losses to prevail
- Rental income levels and occupancy rates to remain under pressure for the next 12 months

Various factors were evaluated by the directors to assess the going concern status of the Group and Company. The solvency and liquidity of the Group and Company now and for the foreseeable future, were assessed in arriving at the conclusion that there are no known material uncertainties which will affect the Group and Company's operating ability to such an extent that a curtailment of operations will be required or that a need to liquidate will present itself.



FOR THE YEAR ENDED 31 MARCH 2021

It is the directors' opinion that the Group and Company is and will continue to be a going concern for the foreseeable future and that the going concern basis is therefore appropriate for the preparation of these annual financial statements.

6. Events after year-end

As at 31 March 2021, the Business Partners Limited Pension Fund (the Pension Fund) had an employer surplus of R234,5 million. The Trustees of the Pension Fund and the Board of Directors resolved in November 2020 to settle the defined benefit pension liability and the post-retirement medical aid subsidy liability. The Pension Funds Act of 1956 (section 15E) and the Rules of the Pension Fund allow for the utilisation of the employer surplus in this manner.

The Group operates a defined benefit pension fund which is closed to new members and has no active members. At year end, there were 78 members benefiting from the fund. The fund is in a sound financial position with a funding level of 389 percent, in terms of the market value of the plan assets and the statutory valuation basis and assumptions.

Note 13 of the Annual Financial Statements provide additional information regarding the items charged to the Statement of Comprehensive Income and Other Comprehensive Income annually and the assumptions applied.

The settlement of the defined benefit pension liability and the post-retirement medical aid subsidy liability is expected to take place in June 2021. The cost of settling the defined pension liability and the post-retirement medical aid subsidy liability is estimated at R95 million and R92 million respectively. On settlement, no further amounts will be recognised in the Statement of Comprehensive Income and Other Comprehensive Income. The liability will be R nil.

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. The par value of the shares remains unchanged at R1 per share.

Dividend

No dividend has been declared for the current year (2020: no dividend). In light of the continued economic turmoil due to the COVID-19 pandemic, the Board has decided that it would be prudent not to declare a dividend for the 2021 financial year.

9. Earnings per share

Earnings per share amounted to 54,4 cents (2020: 30,9 cents) based on 173,0 million shares in issue. Headline earnings per share decreased to 30,2 cents (2020: 34,1 cents). For more information on earnings per share, refer to notes 14 and 28 of the annual financial statements.

10. Directors' remuneration and interest

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.

11. Major shareholders

Shareholders holding beneficially and non-beneficially in excess of one percent of the issued share capital of the Group are detailed on page 101 of the annual integrated report.

12. Directors

12.1 The directors of the Company on 31 March 2021 were:

Directors elected by shareholders in terms of Article 20.1.2 of the Memorandum of Incorporation:

Ms 0 Kotze	Ms HE Tshivhase
Mr N Martin (Chairperson)	Mr D Moshapalo
Mr F Meisenholl	Mr SST Ngcobo

Directors appointed by shareholders in terms of Article 20.1.3 of the Memorandum of Incorporation:

Ms M Lubbe	Mr CW Ceasar
Mr NJ Williams	Mr AM Mahosi
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)

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

Director	Event	Terms Memorandum of incorporation	Effective date
Ms O Kotze	Retired and re-elected	Article 20.1.2	15 August 2020
Ms HE Tshivhase	Retired and re-elected	Article 20.1.2	15 August 2020
Mr DM Matshamba	Appointed	Article 20.1.3	08 February 2021

No changes occurred in the composition of the Board of Directors after 31 March 2021.



13. Company Secretary

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

14. Annual Financial Statements

These annual financial statements have been audited by the external auditor, PricewaterhouseCoopers Inc., in compliance with the applicable requirements of the Companies Act 71 of 2008. The preparation of the annual financial statements was supervised by Ms RA Dolphin, Chief Financial Officer.

15. Auditors

PricewaterhouseCoopers Inc. continued in office as auditors of the Group. The Audit and Risk Committee nominated PricewaterhouseCoopers Inc. for re-appointment at the forthcoming annual general meeting as auditors for the 2022 financial year. Mr S Beyers will be the designated auditor.

16. Acknowledgements

Sincere appreciation is extended to all our shareholders for their support, and to the members of the Board of Directors and its committees for their dedicated and positive participation throughout the year.

We would also like to thank our clients for their business and continued support.

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To the entire staff of Business Partners Limited, we express our gratitude for their hard work and commitment in pursuing the objectives of the Group.

N Martin Chairperson 4 June 2021 BD Bierman Managing Director 4 June 2021

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	_	GRO	UP	COMP	ANY
	NOTES	2021 R000	2020 R000	2021 R000	2020 R000
Assets					
Cash and cash equivalents	3	370 946	363 885	350 422	340 193
Accounts receivable	4	42 947	44 884	27 178	28 072
Current income tax asset		-	47 730	-	46 709
Loans and receivables	5	2 842 627	2 851 101	2 842 627	2 851 098
Other investments	6	66 960	83 017	66 956	83 013
Assets held for resale	7	46 770	35 888	31 698	35 882
Investments in associates	8	91 708	90 449	1 458	1 462
Loans to subsidiaries	9	-	-	496 067	568 800
Investments in subsidiaries	9	-	-	9	10
Investment properties	10	1 665 470	1 648 526	900 304	865 089
Property, equipment and right-of-use asset	11	120 714	122 447	68 017	67 413
Deferred tax asset	12	203 584	173 818	209 824	178 399
Defined benefit pension fund surplus	13	234 370	163 901	234 370	163 901
Total assets		5 686 096	5 625 646	5 228 930	5 230 041
Equity and liabilities					
Capital and reserves attributable to equity					
holders of the parent		3 609 603	3 493 746	3 172 368	3 094 255
Share capital	14	173 001	173 001	173 001	173 001
Fair value and other reserves	15	86 866	65 184	81 378	58 902
Retained earnings	10	3 349 736	3 255 561	2 917 989	2 862 352
Non-controlling shareholders' interest		13 259	11 176	-	-
Total equity		3 622 862	3 504 922	3 172 368	3 094 255
4.1.1.1.1.1.1					
Liabilities		76.076	00.054	00.040	00.500
Accounts payable	16	76 276	80 054	29 342	38 698
Loans from subsidiaries	9	-	-	22 472	19 122
Provisions	17	47 330	46 460	45 981	44 831
Shareholders for dividend		2 320	2 415	2 320	2 415
Lease liability	18	16 422	19 266	68 200	63 137
Current tax liability		13 210	-	15 014	-
Borrowings	19	1 544 003	1 653 794	1 519 082	1 653 794
Deferred tax liability	12	279 882	243 101	270 360	238 155
Post-employment medical benefits	13	83 791	75 634	83 791	75 634
Total liabilities		2 063 234	2 120 724	2 056 562	2 135 786
Total equity and liabilities		5 686 096	5 625 646	5 228 930	5 230 041

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

		GRO	UP	COMPAN	Υ
	NOTES	2021 R000	2020 R000	2021 R000	2020 R000
Net interest income	20	247 518	298 899	250 839	303 845
Interest income Interest expense		336 748 (89 230)	416 104 (117 205)	340 069 (89 230)	420 972 (117 127)
Fee revenue Investment income and gains	21	2 022 64 938	1 142 11 070	2 019 53 704	1 140 45 808
Net property revenue	22	130 827	157 747	83 704	90 482
Property revenue		295 161	307 309	172 921	179 069
Property expenses		(164 334)	(149 562)	(89 217)	(88 587)
Management and service fee income Other income		23 121 2 430	21 953 4 408	16 945 2 356	18 145 4 036
Total income		470 856	495 219	409 567	463 456
Net credit losses	23	(97 268)	(147 833)	(97 269)	(147 531)
Staff costs	24	(174 793)	(179 276)	(164 538)	(168 297)
Other operating expenses	25	(61 414)	(88 481)	(74 505)	(102 188)
Profit before taxation Income tax expense	27	137 381 (41 664)	79 629 (24 201)	73 255 (17 618)	45 440 (8 195)
Profit for the year		95 717	55 428	55 637	37 245
Other comprehensive income after tax:					
Items that will not be reclassified to profit or loss Remeasurement of defined benefit pension fund Gross amount Tax effect Remeasurement of post-employment medical benefits Gross amount Tax effect	13.1.6 27.3 13.2.2 27.3	38 082 52 892 (14 810) (3 145) (4 368) 1 223	(28 925) (40 173) 11 248 11 326 15 730 (4 404)	38 082 52 892 (14 810) (3 145) (4 368) 1 223	(28 925) (40 173) 11 248 11 326 15 730 (4 404)
Fair value adjustment on financial assets held at fair value through other comprehensive income		3 351	2 456	3 351	2 456
Gross amount Tax effect	15 27.3	4 319 (968)	3 165 (709)	4 319 (968)	3 165 (709)
Foreign currency translation reserve movement		(16 646)	(3 035)	(15 812)	(3 266)
Gross amount	15	(21 210)	(3 977)	(20 376)	(4 208)
Tax effect Share of associates' other comprehensive income	27.3 15	4 564	942	4 564	942
Other comprehensive income for the year	15	21 682	(18 178)	22 476	(18 409)
Total comprehensive income for the year		117 399	37 250	78 113	18 836
Profit attributable to:					
Equity holders of Business Partners Limited Non-controlling interests		94 122 1 595	53 484 1 944	55 637 -	37 245 -
		95 717	55 428	55 637	37 245
Total comprehensive income attributable to Equity holders of Business Partners Limited	:	115 804	35 306	78 113	18 836
Non-controlling interests		1 595 117 399	1 944 37 250	78 113	18 836
Earnings per share Basic earnings per share (cents) Headline earnings per share (cents)	28.1 28.2	54.4 30.2	30.9 34.1		



AS AT 31 MARCH 2021

ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

	NOTES	Share capital R000	Fair value & other reserves*	Retained earnings R000	Non-controlling interest R000	Total R000
Group						
Balance at 01 April 2019		173 001	83 362	3 242 304	337	3 499 004
Total comprehensive income for the year		-	(18 178)	53 484	1 944	37 250
Net profit		-	-	53 484	1 944	55 428
Other comprehensive income		-	(18 178)	-	=	(18 178)
Dividend	29	-	-	(39 790)	=	(39 790)
Retained earnings adjustment from association		=	=	(437)	-	(437)
Non-controlling interest recognised direct	ly in equity		-	-	8 895	8 895
Balance at 31 March 2020		173 001	65 184	3 255 561	11 176	3 504 922
Balance at 01 April 2020		173 001	65 184	3 255 561	11 176	3 504 922
Total comprehensive income for the year		-	21 682	94 122	1 595	117 399
Net profit		-	-	94 122	1 595	95 717
Other comprehensive income		-	21 682	-	-	21 682
Retained earnings adjustment from associ		-	-	53	-	53
Non-controlling interest recognised direct	ly in equity		-	-	488	488
Balance at 31 March 2021		173 001	86 866	3 349 736	13 259	3 622 862
Company						
Balance at 01 April 2019		173 001	77 311	2 864 897	-	3 115 209
Total comprehensive income for the year		-	(18 409)	37 245	=	18 836
Net profit		_	-	37 245	=	37 245
Other comprehensive income		-	(18 409)	-	-	(18 409)
Dividend	29	-	-	(39 790)		(39 790)
Balance at 31 March 2020		173 001	58 902	2 862 352	-	3 094 255
Balance at 01 April 2020		173 001	58 902	2 862 352	-	3 094 255
Total comprehensive income for the year		-	22 476	55 637	-	78 113
Net profit		-	=	55 637	-	55 637
Other comprehensive income		-	22 476	_	-	22 476
Balance at 31 March 2021		173 001	81 378	2 917 989	-	3 172 368

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

		GR	OUP	COMPANY		
NOTE	ES =	2021 R000	2020 R000	2021 R000	2020 R000	
Cash flow from operating activities						
Profit before taxation Non-cash adjustments 31.1 Dividends received Payment of principal portion of lease liabilities Net interest income per income statement 31.2		137 381 50 042 (3) 5 364 (247 518)	79 629 168 267 (6) 5 610 (298 899)	73 255 63 371 (97) 15 384 (250 839)	45 440 144 082 (5 701) 11 952 (303 845)	
Net interest received in cash Other movements in assets and liabilities 31.4		127 709 (17 563) 55 412	240 446 4 299 199 346	127 699 (8 839) 19 934	240 524 (201) 132 251	
Net inflow from borrowed funds Utilisation of long term borrowings Repayment of short term portion of long term borrowing Net outflow on loans and receivables Loans and receivables advanced Loans and receivables repaid Cash recoveries on loans and receivables written of		(112 293) 104 462 (216 755) 21 525 (469 518) 469 939 21 104	423 498 506 097 (82 599) (108 627) (753 411) 611 332 33 452	(137 214) 104 462 (241 676) (3 128) (469 518) 445 291 21 099	423 497 506 097 (82 600) (55 195) (753 411) 664 829 33 387	
Cash generated from/(utilised in) operating activities before tax Taxation paid 31.5	5	(35 356) 21 114	514 217 (117 704)	(120 408) 34 894	500 553 (96 802)	
Net cash flow generated from/(utilised in) operating activities	es	(14 242)	396 513	(85 514)	403 751	
Cash flow from investing activities Capital investment in Investment properties		(14 187)	(119 895)	(13 426)	(5 745)	
Property and equipmentProceeds from sale ofInvestment properties		(7 451)	(6 950) 12 400	(1 000)	(1 888) 12 400	
 Property and equipment Interest received from other investments Loans to/from subsidiaries Proceeds from sale of investments in associates Dividends received from investments in associates 		24 11 381 - 36 898 97	172 9 771 - 64 091 5 701	24 11 275 77 354 36 898 97	172 9 115 (127 719) 64 091 5 701	
Net cash generated from/(utilised in) investing activities	s	26 762	(34 710)	111 222	(43 873)	
Cash flow from financing activities						
Dividends paid 31.6 Payment of principal portion of lease liabilities 18		(95) (5 364)	(39 300) (5 610)	(95) (15 384)	(39 300) (11 952)	
Net cash flow utilised in financing activities		(5 459)	(44 910)	(15 479)	(51 252)	
Movement in cash and cash equivalents Cash and cash equivalents at beginning of year Cash and cash equivalents at end of year 3		7 061 363 885 370 946	316 893 46 992 363 885	10 229 340 193 350 422	308 626 31 567 340 193	



NOTES

TO THE CONSOLIDATED & SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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:

- Post-employment benefit obligations that are measured in terms of the Projected Unit Credit method
- Defined benefit pension fund plan assets at fair value
- Investment properties that are accounted for by using the fair value model
- Financial Instruments at fair value
- Investments in associates are accounted for at cost at a Company level and are equity accounted (in line with IAS 28) at a Group level
- Cash and cash equivalents at fair value

1.2 New and amended statements

1.2.1 New and amended statements 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 January 2020:

Standard	Effective date	Summary
Definition of a Business – Amendments to IFRS 3	Annual periods beginning on or after 1 January 2020. (Published October 2018)	The IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarified the minimum requirements for a business, removed the assessment of whether market participants are capable of replacing any missing elements, added guidance to help entities assess whether an acquired process is substantive, narrowed the definitions of a business and of outputs and introduced an optional fair value concentration test. New illustrative examples were provided along with the amendments. The amendments to IFRS 3 did not have an impact on the annual financial statements.

Standard	Effective date	Summary
Amendment to IAS 1, 'Presentation of financial statements' and IAS 8, 'Accounting policies, changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020. (Published October 2018)	These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; clarify the explanation of the definition of material; and incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments to IAS 1 and IAS 8 did not have an impact on the annual financial statements.
The Conceptual Framework for Financial Reporting	Annual periods beginning on or after 1 January 2020.	The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the IFRS Board of Trustees in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The amendments to the Conceptual Framework for Financial Reporting did not have an impact on the annual financial statements.



Standard	Effective date	Summary
Amendments to IFRS 9, Financial Instruments, IAS 39, Financial Instruments: Recognition and Measurement and IFRS 7, Financial Instruments: Disclosure – Interest rate benchmark reform	Annual periods beginning on or after 1 January 2020	These amendments provide certain reliefs in connection with interest rate benchmark reform (IBOR). The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement. The amendment did not have an impact on the annual financial statements, as no hedges were entered into during the year.
COVID-19-Related Rent Concessions – Amendment to IFRS 16	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment. The amendment did not have an impact on the annual financial statements, as no rent concession was received during the year.

1.2.2 New and amended statements not yet adopted

The following standards are applicable to periods beginning on or after 1 January 2021. The Group has not early adopted these standards.

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 2022 [possibly deferred to 1 January 2023]	In January 2020, the IFRS Board of Trustees issued amendments to paragraphs 69 to 76 of IAS 1 Presentation of Financial Statements to specify the requirements for classifying liabilities as current or non-current. The amendments clarify: What is meant by a right to defer settlement; That a right to defer must exist at the end of the reporting period; That classification is unaffected by the likelihood that an entity will exercise its deferral right; and That only if an embedded derivative in a convertible liability is itself an equity instrument, would the terms of a liability not impact its classification.
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	1 January 2022	The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.
Reference to the Conceptual Framework – Amendments to IFRS 3	1 January 2022	Minor amendments were made to IFRS 3 Business Combinations to update the Reporting of 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.



Standard	Effective date	Summary
Annual improvements to IFRS Standards 2018-2020	1 January 2022	 The following improvements were finalised in May 2020: 1 January 2022 Standards 2018–2020 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.

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 excess of 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 (if any) over 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 in the case of a bargain purchase, 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. Gains or losses on disposals to non-controlling interests 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 is 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 and approved management accounts are utilised to determine the share of the associated companies' earnings.

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 and 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 the 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.

Additional information is disclosed in Note 8.

1.4 IFRS 9 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 cash flows characteristics, measured at either:

- (i) Amortised cost; and
- (ii) 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 as the amount at initial recognition 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 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 expected credit losses and includes transaction costs and fees received that are integral to the effective interest rate.

Interest income

Interest income is calculated by applying the effective interest rate (EIR) to the gross carrying amount of financial assets.

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.

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:

i) 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.

ii) Variable royalty

Variable royalties are calculated 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 IFRS 9 definition of interest income due to its dependence on variable factors outside the advanced loan. Based on management's assessment, 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 fall within the scope of IFRS 9.

The Group's amortised cost assets are further classified into debt and equity instruments sub-categories based on the requirements described below:

(i)(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial asset, such as loans and receivables.

Classification of debt instruments depends on:

- (i) The business model used for managing the asset; and
- (ii) The cash flow characteristics of the asset.

The business model informs how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and the cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' and measured at FVPL.



Solely Payments of Principal and Interest test: To collect contractual cash flows, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the SPPI test). In making this assessment, the Group considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest included only consideration for 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 when and only when its business model for managing those assets changes.

(i)(b) Equity instruments

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.

(i)(c) Loan commitments

Loan commitments provided by the Group are measured as the exposure amount less loss 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.

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

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represents solely payments of principal and interest, and 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 on the instrument's amortised cost 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 is included in "Interest income" using the effective interest rate method.

Subsequent measurement

The carrying amount of assets carried 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.

Movements in the carrying amount of assets measured at fair value through OCI are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost 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 is included in "Interest income" using the effective interest rate method.

The financial assets at FVPL are recorded in the statement of financial position at fair value. Changes in the fair value are recorded in profit and loss. Interest earned on instruments designated at FVPL is accrued in interest income using the effective interest rate, 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.

Impairment

Impairments in terms of IFRS 9 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 and FVOCI, the exposure arising from loan commitments and lease receivables.

Under IFRS 9 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 ECL's 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 Group uses the following criteria to assess whether there has been a SICR:

- 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 which can be back tested and accepted if accurate.



Expected credit loss measurement

The Group recognises a loss allowance for such losses at each reporting date. 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 entities' best available forward looking information.

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition. 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. The Group obtains macroeconomic forecasts from external sources, these assumptions are reviewed on a quarterly basis.

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 IFRS 9 ECL provision, which is summarised as follows:

	Base scenario	Bearish scenario	Bullish scenario
Macro economic forecast			
GDP — South Africa (next 12 months)	3,1%	1,5%	4,5%
Weight (assumption)	60,0%	25,0%	15,0%

The Probability of Defaults (PDs) of the loans and receivables were adjusted to incorporate the above forward looking information (across scenarios and weights) in order to determine the impairment provision of R459,6 million. For critical judgements, assumptions and estimates made by management in calculating COVID-19 overlay adjustment, refer to note 1.16.1.

The sensitivity of the IFRS 9 provision against this forward looking information, as at 31 March 2021 is as follows:

	IFRS9 ECL Provision	Change in IFRS9 ECL provision	
	R000	%	
ECL provision	459 204		
ECL provision based on the different scenarios: Bullish (GDP +1,0%) Bearish (GDP -1,0%)	458 267 460 765	-0,20% 0,34%	



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 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.

Oualitative criteria

The client is in legal control and the Company 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 ownership within the client's company changes;
- the client fails to comply with any of the terms and conditions, or acts in conflict with any of the provisions of the Loan, Shareholders or Royalty agreement; or
- the client has supplied false information or withheld material information from the Group.

The criteria above has 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.

Modifications of loans

The Group sometimes renegotiates or otherwise modifies the contractual cash flows of loans to clients. 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 impairment 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 are also 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.



Modifications have been disclosed further in note 2.2.7.

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.

Financial liabilities: recognition and measurement

Initial recognition and measurement

At initial recognition, the Group recognises financial liabilities at their fair value, plus or minus transaction costs that are incremental and directly attributable to the issuance of the liabilities. This only applies for financial liabilities not measured at fair value through profit or loss.

Subsequent measurement

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



Derecognition

Financial liabilities are derecognised when they are extinguished. This is when the obligation specified in the contract is discharged.

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. The Group has concluded that it is the principal in its revenue arrangements as it controls the services before transferring to the client.

1.5.1 Revenue from financing arrangements

Financing arrangements consist of term finance, property finance and equity investments which are funding 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, where applicable, the following revenue streams: interest income, royalty fees and contract fees (in the form of administration fees).

(a) Interest income

Interest income generated due to the long-term repayment terms afforded to borrowers on the loan facilities are fully outlined in IFRS 9 because the interest is an integral component of the effective interest rate of the loan. As a result, interest income falls outside the scope of IFRS 15. 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.

(b) 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 of a set factor's performance. Royalty fees are in substance interest earned on advanced loans and as a result fall outside the scope of IFRS15.

(c) Administration fees

Contract fees in the form of administration fees are generated from loan agreements and fall within the scope of IFRS 15. 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.

1.5.2 IFRS 15 Revenue from Contracts with Customers

IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a client.



If so, the revenue will be 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 will also identify 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.

IFRS 15 requires the Group to exercise judgement, taking into consideration all of the relevant facts and circumstances.

i) Fee revenue

Fee revenue is recognised as revenue from contracts with a client and charged to the client upon invoicing and once the efforts in fulfilling the service have been satisfied (at a point in time) and can be quantified. The service fee income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

ii) Property revenue

The property asset class results in the following streams of receipts from tenants (clients): rental income, property expense recoveries and security deposits.

(a) Rental income

Rental income, although it is earned revenue from a contract with a client, falls under Lease accounting (under IFRS 16), and it is therefore specifically excluded from the scope of IFRS 15.

(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. The Group has concluded that it is the principal in this revenue arrangement, refer to note 1.16 Critical accounting estimates and judgements.

These fees will be recognised as revenue when the performance obligation is satisfied.

iii) Property management and leasing services

The Group provides management services on behalf of property owners and is responsible for the oversight of the property, payment of service charges (such as rates, security services and insurance etc.), whilst ensuring that the property is in good condition, in terms of repairs and maintenance and administrative support.

Property management fees are earned on a monthly basis either as fixed fees or based on a proportion of the rental 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 per month. The duties include accounting, legal, information technology, administrative and oversight services (performance obligations) for an agreed fee.

The Group recognises and allocates the fund management fee at the end of each month on a straight-line basis as the related services can be measured and have been fulfilled.

In line with IFRS 15, fund management fees received in advance are recognised as deferred revenue and reflected as a liability, accordingly. These contract liabilities are recognised as revenue when the Group performs under the contract.

v) 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.

vi) Other income

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

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 dates 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 yearend 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 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 of.

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, liabilities and equities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each 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.

Additional information is disclosed in note 9.

1.7 Investment properties

Investment properties are recognised as assets when it is probable that the future economic benefits that are associated with the investment properties will flow to the enterprise 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 can not be sold separately.

1.8 Property and equipment

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

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.

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; and

Vehicles4 years.

Equipment as disclosed in note 11 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.

1.9.1 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.

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 the third party borrowings rate, adjusted to reflect changes in financing conditions since the third party financing was received.

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.

1.9.2 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 an 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.

The right-to-use assets are presented within note 11 - Property, equipment and right-of-use asset and are subjected to impairment in line with the Group's policy.

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

The Group has both defined benefit and defined contribution plans. 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. 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.

The asset recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit method. In terms of this method, the present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. As there is no deep market of such bonds in South Africa, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in full in the statement of comprehensive income in the year in which they arise.

For defined contribution plans, the Group pays contributions to privately administered pension insurance plans on a contractual basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense within 'staff costs' when they are due.

1.10.3 Post-retirement medical aid obligations

The Group provides post-retirement medical aid benefits to employees and pensioners in service of the Group on or before 30 April 1999. The entitlement to post-retirement medical aid benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using the Projected Unit Credit method. Valuations of these obligations are carried out by actuaries. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net actuarial (loss)/gain on post-retirement benefits reserve is used to record the gains/losses arising from annual revaluation of retirement benefits obligations described under Note 13.



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. They 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 fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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 sales over a period of 12 months. The historical loss rates are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the clients to settle the receivables.

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 this case 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 Company'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 in the consolidated financial statements. 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 relate 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

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 in the financial statements but are disclosed in the notes to the financial statements.

1.16 Critical accounting estimates and judgements

In March 2020, the World Health Organisation (WHO) declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The COVID-19 pandemic has resulted in significant decline in economic activity during the financial year under review. Management has assessed the impact of these events based on the latest available data and quantified the impact of the pandemic on business. In the process of applying the Group's accounting policies, COVID-19 significant judgement and estimates are disclosed below where applicable.



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 estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities.

The following represents the most material estimates and assumptions applied in preparing these financial statements.

1.16.1 Impairment 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 and FVOCI 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 expected credit losses (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;
- establishing the number and relative weightings of forward-looking scenarios; and
- determination of appropriate parameters to adjust the calculation of the COVID-19 ECL management overlay.

The current and future impact of COVID-19 was considered when determining the ECL provision as at 31 March 2021. The full impact that COVID-19 will have on the Group and Company, as well as the broader economy, is still unknown. To best estimate the impact of COVID-19 on the ECL provision the following considerations have been applied:

- (a) an increased probability of default of 15 percent on all exposures;
- (b) a security values haircut similar to prior year's percentage of 10 percent;
- (c) there is a correlation between the probability of default and the changes in gross domestic product;
- (d) a significant portion of current stage 3 deals will be written off and the perfection of the related security will be severely impacted; and
- (e) identification of industries and clients that have been negatively impacted and the clients that have been provided COVID-19 relief by the Group.

1. Staging adjustment

A detailed analysis has been performed over each client to ascertain the potential impact of COVID-19 on the client's business. In performing this analysis the industry in which the client operate as well as potential to recover after the lockdown period was evaluated.

Where it was determined that COVID-19 will have a material impact on the client's business, the client was deemed to have an increase in credit risk and was moved to a higher credit risk stage.

2. PD adjustment

To quantify the expected impact of COVID-19 on the PDs, a regression analysis was performed between historical default rates and GDP growth rates. The result of the regression analysis was then applied to the forecasted GDP growth rate at the time when the financial results were prepared to estimate the potential increase to PDs based on lower GDP forecasts.

3. LGD adjustment

To quantify the expected impact of COVID-19 on the LGD a formula for downturn LGD that has been prescribed by the Federal Reserve in the United States was used. Based on this prescribed formula the LGDs were adjusted accordingly for the downturn that COVID-19 will cause.

Management considered the information available as at 31 March 2021 and took a 10 percent haircut on the security values to take into account that the recoverable amount of the assets may be lower than the recorded amount due to the current COVID-19 trading environment. The impairment amount increased by R59,1 million, increasing the total impairment percentage to 15,5 percent.

For additional disclosures on loans and receivables and related impairment amounts, refer to note 1.5.1 and note 5.

1.16.2 Royalty agreements: future royalty fees

Under IFRS 9 a financial asset can be classified as either under the amortised cost or fair value model. For a financial asset to be classified as amortised cost one of the criteria is that the cash flows should solely consist out of principal and interest.

IFRS 9 prescribes that if a cash flow is *de minimus* it does not affect the overall classification of the instrument and therefore it can be classified as amortised cost.

The royalty products that are part of the financing package that the Company 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 therefore performed a detailed analysis of all historical royalties received and has determined that the additional royalty component is *de minimus*. Further, management has also estimated the fair value of the royalty product as a whole and determined that amortised cost equates to fair value.

As a result, the royalty product has been classified as a financial asset at amortised cost. Additional information is disclosed in note 2.2.5 and note 5.



1.16.3 Impairment 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 the clients to settle the receivables.

1.16.4 Present value of defined benefit obligation

The present value of the defined benefit obligation using the Projected Unit Credit method relies on a number of assumptions including the discount rate and mortality rates. Any changes in the assumptions applied will impact the carrying amount of the pension obligation.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Additional information, as well as the sensitivity analysis, is disclosed in note 13.

1.16.5 Present value of post-retirement medical aid obligation

The present value of the post-retirement medical aid obligation relies on a number of assumptions including the discount rate and the Consumer Price Index which the medical aid subsidy increase each year is linked to. Any changes in the assumptions applied will impact on the carrying amount of the post-retirement obligation.

The Group determines the appropriate discount rate at the end of each year, which is based on the 11,9 year yield from the South African zero coupon government bond yield curve. This is the interest rate used to determine the present value of estimated future cash outflows required to settle the post-retirement medical aid obligations. In the prior year, the rate of the R186 government bond was used.

Additional information, as well as the sensitivity analysis, is disclosed in note 13.

1.16.6 Valuation of investment properties

The valuation of the investment properties was performed internally by suitably qualified personnel using the discounted cash flow method. The fair values of commercial buildings are 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 discount rates are approved by the valuation panel with reference to current market information and after a detailed assessment of the respective properties.

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.



The rental assumption, vacancy factors, and property expenses are also informed by actual and historical trends. A valuation panel reviews and approves the principles applied in the valuation parameters, the panel further checks the results of the FV calculations and assess the reasonability of the outcomes.

On an annual basis, ten properties are selected on a rotational basis for valuation by the external valuators. The valuations performed by the external valuators on the property portfolio is in line with the valuation panel's valuations

In the prior year, the income capitalisation method was used to estimate the fair value of the property portfolio.

Additional information, as well as the sensitivity analysis, is disclosed in note 10.

1.16.7 Principal versus agent considerations

In the process of applying the Group's accounting policies, management has applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with clients:

The Group will engage service providers to provide these 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 customer prior to engaging the external service provider;
- the Group is the counterparty to the service contract, rather than the client; and
- 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.

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.

1.16.8 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
- cumulative years not accounted for per investment is limited to three.

A number of significant judgements are also 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.



1.16.9 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.

Additional information is disclosed in note 12 and note 27.

1.16.10 Provisions

The accounting policy for provisions is set out in accounting policy note 1.15. The principal assumptions taken into account in determining the value at which provisions are recorded 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.

The probability of a significant event occurring will be assessed by management and where applicable, in consultation with the Group's legal counsel. 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.

Additional information is disclosed in note 17.

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 shareholders.

Additional information is disclosed in note 14 and note 27.

1.18 Assets held for resale

Assets held for resale represents non-financial assets acquired by the Group in settlement of overdue loans. The assets are initially recognised at fair value when acquired and are classified in the various asset categories based on their nature and the Group's intention in respect of recovery of these assets. The assets are subsequently remeasured and accounted for in accordance with the accounting policies for these categories of assets.

The Group applies its accounting policy for non-current assets held for sale or disposal groups to assets held for resale where the relevant conditions for such classification are met at the end of the reporting period.

Additional information is disclosed in note 7.



2. Financial risk management

The Group's activities expose 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 measurement of Expected Credit Losses (ECL) under IFRS 9 uses the information and approaches that the Group applied in managing the credit risk. Certain adjustments are made in order to comply with the requirements of IFRS 9. 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 approach taken for IFRS 9 measurement purposes is discussed in 1.16.1.

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 upto-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 and controlled by a centralised function with dedicated individuals in the Compliance function and the Risk management function.

The Group operates an outsourced internal audit model, for the period under review, Remgro Limited fulfilled this function. Internal audit is responsible for the independent review of risk management policies and the control environment.

The primary financial risks to which the Group is exposed are:

- Credit risk
- Market risk (Interest rate risk and foreign currency risk); and
- Liquidity risk.

2.1 Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge an obligation. Credit risk is a material risk for the Group's business. Credit risk exposures arise principally from investing in small and medium businesses, loans, advances and loan commitments arising from lending activities 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. Management therefore carefully manages its exposure to credit risk.

2.1.1 Credit risk measurement

The credit risk for loans and receivables at the investment stage 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.

COVID-19's impact on the loan portfolio and sensitivities applied is disclosed 1.16.1 and 1.4.1.



2.1.2 Risk management process

The Group manages, 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 and in addition no single client represents more than 1,5 percent of the total investment portfolio. The diversification limits the concentration of risk exposure to a single industry or to a single counterparty.

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 organisation 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:

- Review the results of the due diligence performed;
- Assess each investment based on the below three risk criteria;
 - entrepreneurial risk;
 - · business risk; and
 - · financial risk.
- 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.

Loans and receivables

The financial impact of increases in credit risk is quantified quarterly through a data driven process that complies with IFRS 9 guidance on the determination of Expected Credit Losses.

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; and
- Personal sureties and the cession of policies and investments.

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.

The Group accepted mortgage bonds, notarial bonds and other types of collateral, at a value of R 3 101,7 million (2020: R 3 026,1 million) as collateral for loans and receivables. The Group has the authority to cede or repledge this collateral.

COVID-19's impact on collateral is in disclosed in note 1.16.

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 impairment

The table below represents the maximum credit risk exposure scenario for the Group without considering any collateral or other credit enhancements.

	GROUP		CON	IPANY
	2021 R000	2020 R000	2021 R000	2020 R000
Interest-bearing loans	2 968 875	2 956 541	2 968 875	2 956 536
Shareholders' loans	161 312	165 528	161 312	165 528
Royalty agreements	171 644	109 114	171 644	109 114
Intercompany loans	-	-	496 067	568 800
Loan commitments	385 279	309 718	385 279	309 718
Cash and cash equivalents	84 552	106 525	64 028	82 832
	3 771 662	3 647 426	4 247 205	4 192 528
Trade and other receivables*	31 736	32 234	16 389	15 791
	3 803 398	3 679 660	4 263 594	4 208 319

^{*}This amount excludes prepayments as prepayments are not financial assets.



2.2.2 Financial instruments subject to impairment

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.

GROUP		2021			
	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000	
Loans and receivables					
Interest-bearing loans	1 202 007	526 782	1 240 086	2 968 875	
Royalty agreements	48 659	20 416	92 237	161 312	
Shareholders' loans	122 447	32 668	16 529	171 644	
Gross carrying amount	1 373 113	579 866	1 348 852	3 301 831	
Provision for impairment	(21 396)	(24 799)	(413 009)	(459 204)	
Carrying amount	1 351 717	555 067	935 843	2 842 627	
Loan commitments	385 279	-	-	385 279	
Total	1 736 996	555 067	935 843	3 227 906	
		20	20		
GROUP	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000	
Loans and receivables					
Interest-bearing loans	1 680 665	530 548	710 673	2 921 886	
Royalty agreements	64 945	20 558	58 482	143 985	
Shareholders' loans	132 767	13 771	18 774	165 312	
Gross carrying amount	1 878 377	564 877	787 929	3 231 183	
Provision for impairment	(54 273)	(42 776)	(283 033)	(380 082)	
Carrying amount	1 824 104	522 101	504 896	2 851 101	
Loan commitments	309 718	-	-	309 718	
Total	2 133 822	522 101	504 896	3 160 819	

Information on how the ECL is measured and how the three stages above are determined is included in note 1.16.1.

	2021				
	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000	
Accounts receivables* Provision for impairment	-	-	31 736 (16 352)	31 736 (16 352) 15 384	
Carrying amount	-	15 384 15 2020			
	Stage 1 R000	Stage 2 R000	Stage 3 R000	Total R000	
Accounts receivables* Provision for impairment	- -	- -	32 234 (4 726)	32 234 (4 726)	
Carrying amount		-	27 508	27 508	

^{*}These balances exclude prepaid insurance as it does not meet the definition of a financial asset

Other financial assets

	GROUP COMPANY		MPANY	
	2021	2020	2021	2020
	R000	R000	R000	R000
Intercompany loans Cash and cash equivalents	-	-	496 067	568 800
	84 552	106 525	64 028	82 832
oash and cash equivalents	84 552	106 525	560 095	651 632

No ECL has been provided for on intercompany loans as well as cash and cash equivalents as it is not material.

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 r	isk exposure
	2021 R000	2020 R000
Investments at fair value through other comprehensive income	66 623	82 745
Investments at fair value through other comprehensive income Listed shares	337 66 960	272 83 017



GROUP		COMPAN	1Y
2021	2020	2021	2020
R000	R000	R000	R000

The maximum credit risk exposure related to loans and receivables is analysed as follows:

Industry sector exposure

Construction	300 939	241 755	300 939	241 755
Financial intermediation	895 261	819 829	895 261	819 829
Fishing	6 695	1 206	6 695	1 206
Horticulture, animal farming and forestry	32 774	36 158	32 774	36 158
Leisure	99 722	90 480	99 722	90 480
Manufacturing	737 604	763 036	737 604	763 035
Motor trade	154 966	163 889	154 966	163 889
Personal services	359 740	367 752	359 740	367 752
Quarrying	32 483	24 898	32 483	24 898
Retail	202 686	215 789	202 686	215 785
Transport and communication	171 776	201 239	171 776	201 239
Travel and tourism	215 399	209 573	215 399	209 573
Wholesale	91 786	95 579	91 786	95 579
	3 301 831	3 231 183	3 301 831	3 231 178

Geographical exposure

230 279	253 165	230 279	253 165
93 114	100 828	93 114	100 827
1 093 293	1 018 963	1 093 293	1 018 958
712 701	734 524	712 701	734 525
47 270	56 220	47 270	56 220
79 136	73 017	79 136	73 017
75 892	78 624	75 892	78 624
70 608	76 044	70 608	76 044
899 538	839 798	899 538	839 798
3 301 831	3 231 183	3 301 831	3 231 178
	93 114 1 093 293 712 701 47 270 79 136 75 892 70 608 899 538	93 114 100 828 1 093 293 1 018 963 712 701 734 524 47 270 56 220 79 136 73 017 75 892 78 624 70 608 76 044 899 538 839 798	93 114 100 828 93 114 1 093 293 1 018 963 1 093 293 712 701 734 524 712 701 47 270 56 220 47 270 79 136 73 017 79 136 75 892 78 624 75 892 70 608 76 044 70 608 899 538 839 798 899 538

	GROUP		COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000
Product type exposure				
Equity Investments	23 767	25 446	23 767	25 445
Term Finance with Shareholding	495 384	29 592	495 384	29 592
Property Finance with Shareholding	284 554	949 268	284 554	949 268
Property Finance with Equity Participation	886 694	260 325	886 694	260 325
Term Finance with a Royalty and Shareholding	465 969	1 129 782	465 969	1 129 778
Term Finance with a Royalty	1 126 395	396 124	1 126 395	396 124
Term Finance	45	61	45	61
Property Finance with a Royalty	19 023	440 585	19 023	440 585
	3 301 831	3 231 183	3 301 831	3 231 178

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; and
- Other assets of the business (i.e. motor vehicles, office furniture, machinery, investments).

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 Loss 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 (refer to note 2.2.6).

The following table further explains changes in the gross carrying amount:

	Stage 1	Stage 2	Stage 3	Total
GROUP	12- month ECL	Lifetime ECL	Lifetime ECL	
	R000	R000	R000	R000
Gross carrying amount as at 01 April 2020	1 878 379	564 875	787 929	3 231 183
Existing loan transfers between stages	(652 841)	2 619	650 222	-
Transfer (to)/from stage 1	-	245 694	407 147	652 841
Transfer (to)/from stage 2	(245 694)	-	243 075	(2 619)
Transfer (to)/from stage 3	(407 147)	(243 075)	-	(650 222)
ECL raised on existing loans	18 860	20 054	10 573	49 487
New loan agreements originated	168 556	5 163	306	174 025
Write-offs	(39 841)	(12 845)	(100 178)	(152 864)
Gross carrying amount as at 31 March 2021	1 373 113	579 866	1 348 852	3 301 831
Gross carrying amount as at 01 April 2019	2 019 928	579 925	656 273	3 256 126
Existing loan transfers between stages	(305 752)	(58 069)	363 821	-
Transfer (to)/from stage 1	-	146 260	159 492	305 752
Transfer (to)/from stage 2	(146 260)	-	204 329	58 069
Transfer (to)/from stage 3	(159 492)	(204 329)	-	(363 821)
ECL raised on existing loans	(7 373)	(30 031)	(81 807)	(119 211)
New loan agreements originated	264 145	94 241	2 215	360 601
Write-offs	(92 569)	(21 191)	(152 573)	(266 333)
Gross carrying amount as at 31 March 2020	1 878 379	564 875	787 929	3 231 183

 Stage 1
 Stage 2
 Stage 3
 Total

 R000
 R000
 R000
 R000

Interest-bearing loans

The following table explains the movement between the stages from the beginning to the end of the reporting period:

Loss allowance as at 01 April 2020	50 195	40 073	242 107	332 375
Existing loan transfers between stages	(13 133)	(8 462)	21 595	332 373
Transfer (to)/from stage 1	(13 133)	3 928	9 205	13 133
Transfer (to)/from stage 2	(3 928)	3 920	12 390	8 462
Transfer (to)/from stage 3	(9 205)	(12 390)	12 390	(21 595)
ECL raised on existing loans	(21 684)	(7 347)	137 143	108 112
New loan agreements originated	4 890	(1 541)	-	4 890
Written off	(856)	(1 190)	(31 050)	(33 096)
Loss allowance as at 31 March 2021	19 412	23 074	369 795	412 281
Loss allowance as at 01 April 2019	50 974	14 786	185 532	251 292
Existing loan transfers between stages	(9 641)	1 080	8 561	-
Transfer (to)/from stage 1	-	4 148	5 493	9 641
Transfer (to)/from stage 2	(4 148)	-	3 068	(1 080)
Transfer (to)/from stage 3	(5 493)	(3 068)	-	(8 561)
ECL raised on existing loans	(4 531)	17 190	91 800	104 459
New loan agreements originated	16 869	8 213	890	25 972
Written off	(3 476)	(1 196)	(44 676)	(49 348)
Loss allowance as at 31 March 2020	50 195	40 073	242 107	332 375
Shareholders' loans				
Loss allowance as at 01 April 2020	1 853	281	12 914	15 048
Existing loan transfers between stages	(58)	12	46	-
Transfer (to)/from stage 1	-	56	2	58
Transfer (to)/from stage 2	(56)	-	44	(12)
Transfer (to)/from stage 3	(2)	(44)	-	(46)
ECL raised on existing loans	(624)	(19)	(444)	(1 087)
New loan agreements originated	25	-	-	25
Written off	(444)		(745)	(1 189)
Loss allowance as at 31 March 2021	752	274	11 771	12 797
	7.400	60	0.046	11.000
Loss allowance as at 01 April 2019	1 400	62	9 846	11 308
Existing loan transfers between stages	(315)	(7)	322	-
Transfer (to)/from stage 1	-	18	297	315
Transfer (to)/from stage 2	(18)	= (-=)	25	7
Transfer (to)/from stage 3	(297)	(25)	=	(322)
ECL raised on existing loans	382	226	5 054	5 662
New loan agreements originated	449	=	- (0.000)	(2.271)
Written off	(63)		(2 308)	(2 371)
Loss allowance as at 31 March 2020	1 853	281	12 914	15 048



	Stage 1	Stage 2	Stage 3	Total
	R000	R000	R000	R000
Royalty agreements				
Loss allowance as at 01 April 2020	2 225	2 422	28 012	32 659
Existing loan transfers between stages	458	730	(1 188)	-
Transfer (to)/from stage 1	-	86	(544)	(458)
Transfer (to)/from stage 2	(86)	-	(644)	(730)
Transfer (to)/from stage 3	544	644	-	1 188
ECL raised on existing loans	(1 449)	(1 626)	8 392	5 317
New loan agreements originated	14	-	97	111
Written off	(17)	(71)	(3 873)	(3 961)
Loss allowance as at 31 March 2021	1 231	1 455	31 440	34 126
Total loss allowance	21 395	24 803	413 006	459 204
Loss allowance as at 01 April 2019	2 387	1 069	30 445	33 901
Existing loan transfers between stages	(423)	(206)	629	-
Transfer (to)/from stage 1	-	123	300	423
Transfer (to)/from stage 2	(123)	-	329	206
Transfer (to)/from stage 3	(300)	(329)	-	(629)
ECL raised on existing loans	240	1 480	14 811	16 531
New loan agreements originated	110	142	17	269
Written off	(89)	(63)	(17 890)	(18 042)
Loss allowance as at 31 March 2020	2 225	2 422	28 012	32 659
Total loss allowance	54 273	42 776	283 033	380 082

2.2.6 Write-off policy

The Group writes off financial assets as a whole if during the re-evaluation of securities and collateral, the cover is found to be less than 0,5 and one or more of the following criteria are met:

- 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.

The Group may write-off financial assets which are still subject to enforcement activities. The outstanding contractual amounts of such assets written off during the year ended 31 March 2021 was R44,2 million (2020: R102,1 million).

The Group still seeks to recover amounts it is legally owed in full, but which have been written off due to no reasonable expectation of recovery.

2.2.7 Modification of financial assets

The Group will in certain instances modify the terms of loans provided to customers 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 COVID-19 relief that was provided by the Group has been assessed as a modification and the terms under which the relief was provided does not result in a change in the present value of the estimated future cash flows resulting in no economic gain or loss. Therefore no modification gain or loss has been recognised.

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).

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.

Renegotiated loans and receivables at the end of the year are as follows:

	GRO	GROUP		ANY
	Continue to be impaired R000	No longer impaired R000	Continue to be impaired R000	No longer impaired R000
At 31 March 2021				
Interest bearing loans	303 391	-	303 391	-
Normal renegotiated loans	51 140	-	51 140	-
COVID-19 related renegotiated loans	252 791	-	252 791	-
At 31 March 2020	C 05 4		C 0C 4	
Interest bearing loans	6 864	-	6 864	



2.3 Credit quality of loans and receivables

	GR	OUP	COMPANY		
	2021 R000	2020 R000	2021 R000	2020 R000	
The credit quality of loans and receivables is as f	ollows:				
Stage 1	1 373 113	1 878 377	1 373 113	1 878 377	
Stage 2	579 866	564 876	579 866	564 876	
Stage 3	1 348 852	787 930	1 348 852	787 924	
Gross	3 301 831	3 231 183	3 301 831	3 231 177	
Less: allowance for impairment in stages	(459 204)	(380 082)	(459 204)	(380 079)	
Stage 1	(21 396)	(54 275)	(21 396)	(54 275)	
Stage 2	(24 799)	(42 772)	(24 799)	(42 772)	
Stage 3	(413 009)	(283 035)	(413 009)	(283 032)	
	2 842 627	2 851 101	2 842 627	2 851 098	
Fair value of collateral — loans and receivables	3 101 715	3 026 105	3 101 715	3 026 105	

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.

During the year, interest on stage 3 loans has been derecognised against credit losses amounting to R39,5 million (2020: R 16,3 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 impairment value will increase from a base of R459,2 million to R565,6 million and if the haircut decreases by 10 percent the impairment will decrease to R433,9 million.

For additional disclosures on loans and receivables and related impairment amounts, refer to note 1.4.1, note 1.16.1 and note 5.

Collateral taken

During the year, collateral of R nil (2020: R3,2 million) was taken and recognised under assets held for resale. The derecognised value of these loans amounted to R nil (2020: R nil).

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 and on the relevant debtors aging category. The provision for doubtful rent debtors amounts to R16,4 million (2020: R4,7 million).

In line with IFRS 9, an impairment 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.

If the prime rate was 100 basis points higher during the year, the Group's profit before tax would have been R158,3 million (2020: R96,2 million). Alternatively, if the prime rate was 100 basis points lower, the Group's profit before tax would have been R116,4 million (2020: R63,3 million).

below presents all assets and liabilities that are subject to an interest rate risk.

The table

	GROUP		COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000
Assets				
Loans and receivables	2 842 627	2 851 101	2 842 628	2,851,098
Cash and cash equivalents	370 946	363 885	350 422	340 193
	3 213 573	3 214 986	3 193 050	3 191 291
Liabilities				
Borrowings	1 544 003	1 653 794	1 519 082	1 653 794

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

A 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 East Africa Fund (EAF) and Southern Africa Fund (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'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 major 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.

		and 2 years	and 5 years	5 years	Total
	R000	R000	R000	R000	R000
GROUP					
31 March 2021					
Borrowings	631 212	263 398	704 402	93 498	1 692 510
Accounts payable	76 277	-	-	-	76 277
Provisions	47 330	-	-	-	47 330
Shareholders for dividend	2 320	-	-	-	2 320
Lease liabilities	8 211	10 471	723	-	19 405
	765 350	273 869	705 125	93 498	1 837 842
31 March 2020					
Borrowings	338 457	456 215	678 825	112 954	1 586 451
Accounts payable	80 054	-	-	-	80 054
Provisions	46 460	-	-	-	46 460
Shareholders for dividend	2 415	-	-	-	2 415
	7 220	13 099	1 954	-	22 273
	474 606	469 314	680 779	112 954	1 737 653

2.4 Fair values 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.

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
GROUP	R000	R000	R000	R000	R000	R000
31 March 2021						
Financial assets						
Loans and receivables	2 842 627	2 842 627	-	-	2 842 627	2 842 627
Accounts receivable*	31 736	-	-	-	31 736	31 736
Cash and cash equivalents	300 079	300 079	-	300 079	-	300 079
	3 174 442	3 142 706	_	300 079	2 874 363	3 174 442
Financial liabilities						
Borrowings	1 544 003	1 544 003	-	1 544 003	-	1 544 003
Accounts payable**	55 299	55 299			55 299	55 299
	1 599 302	1 599 302		1 544 003	55 299	1 599 302
31 March 2020 Financial liabilities						
Loans and receivables	2 851 101	2 851 101	<u>-</u>	=	2 851 101	2 851 101
Accounts receivable*	32 234	32 234	-	-	32 234	32 234
Cash and cash equivalents	302 750	302 750	_	302 750	-	302 750
'	3 186 085	3 186 085	-	302 750	2 883 335	3 186 085
Financial liabilities						
Borrowings	1 653 794	1 653 794	=	1 653 794		1 653 794
Accounts payable**	63 656	63 656	<u>-</u>	-	63 656	63 656
	1 717 450	1 717 450		1 653 794	63 656	1 717 450

^{*}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. IFRS 13 - Fair Value ("IFRS 13") imposes specific fair value disclosure requirements on these items that fall within the scope of the Standard. 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 that 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, 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 unobservable inputs
Accounts receivable Borrowings	Discounted cash flow model	Discount rate

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



	Level 1	Level 2	Level 3	Total
GROUP	R000	R000	R000	R000

2.4.2 Assets and liabilities held at fair value

The table below presents the Group's assets that are measured at fair value:

-	-	1 648 526	1 648 526
337	-	-	337
-	-	66 623	66 623
-	-	-	-
337	-	1 715 149	1 715 486
=	-	1 648 526	1 648 526
272	=	-	272
-	-	82 745	82 745
257 360	=	-	257 360
257 632	-	1 731 271	1 988 903
	272 257 360		337 66 623 1715 149 1 648 526 272 82 745 257 360

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

	R000	R000	R000
Financial instruments by category			
Tillancial instruments by category			
31 March 2021			
Assets per statement of financial position			
Investments at fair value through other comprehensive income	66 960	-	66 960
Loans and receivables	-	2 842 627	2 842 627
Accounts receivable*	-	31 736	31 736
Bank balances at amortised cost	-	370 946	370 946
	66 960	3 245 309	3 312 269
Liabilities per statement of financial position			
Borrowings		1 544 003	1 544 003
Accounts payable**		55 299	55 299
		1 599 302	1 599 302
31 March 2020	-		
Assets per statement of financial position			
Unlisted shares	83 017	=	83 017
Loans and receivables	=	2 851 101	2 851 101
Accounts receivable*	=	32 234	32 234
Bank balances at amortised cost	=	106 525	106 525
Bank balances at fair value through profit and loss	257 360	=	257 360
	340 377	2 989 860	3 330 237
Liabilities per statement of financial position			
Borrowings		1 653 794	1 653 794
Accounts payable**		63 656	63 656
	_	1 717 450	1 717 450

Fair value

Amortised cost

Total

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 based on a debt equity ratio within the limits stipulated in the Memorandum of incorporation.



^{*} 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.

	GROUP		COMP	ANY
	2021 R000	2020 R000	2021 R000	2020 R000
The table below summarises the composition o	f conital:			
The table below summarises the composition o	г сарпаг.			
Share capital	173 001	173 001	173 001	173 001
Fair value and other reserves	86 869	65 184	81 378	58 902
Retained earnings	3 349 733	3 255 561	2 917 989	2 862 352
Total capital	3 609 603	3 493 746	3 172 368	3 094 255
Gross borrowings	1 544 003	1 653 794	1 519 082	1 653 794
Cash and cash equivalents	370 946	363 885	350 422	340 193
Net borrowings level	1 914 949	2 017 679	1 869 504	1 993 987
Overall financing level (Total equity plus				
borrowings)	5 524 552	5 511 425	5 041 872	5 088 242
Capital-to-overall financing ratio	65%	63%	63%	61%
Cash and cash equivalents				
cach and cach equivalents				
Bank current and call accounts	300 079	302 750	306 041	303 655
Funds held in trust on behalf of third parties	70 867	61 135	44 381	36 538
·	370 946	363 885	350 422	340 193

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 R70,9 million (2020: R61,1 million). These funds are held with Nedbank and Standard Bank. These funds are specifically available for their intended use.

3.



	GRO	UP	COMP	ANY
	2021	2020	2021	2020
	R000	R000	R000	R000
4 Accounts receivable				
Rent debtors Gross rent debtors Less: expected credit loss Trade receivables Insurance pre-paid and claims receivable Sundry deposits Pre-paid expenses Other	10 427	11 677	5 922	5 971
	26 779	16 404	14 135	8 995
	(16 352)	(4 727)	(8 213)	(3 024)
	15 091	15 610	4 809	4 809
	1 114	946	756	660
	5 838	4 912	3 348	3 188
	10 097	11 704	10 033	11 621
	380	35	2 310	1 823
	42 947	44 884	27 178	28 072
5. Loans and receivables				
Gross loans and receivables	3 314 187	3 248 198	3 314 187	3 248 192
Less: effective interest rate (EIR) adjustment	(12 356)	(17 015)	(12 356)	(17 015)
Loans and receivables net of EIR adjustment	3 301 831	3 231 183	3 301 831	3 231 177
Less: Allowance for impairment	(459 204)	(380 082)	(459 204)	(380 079)
Stage 1	(21 396)	(54 275)	(21 396)	(54 275)
Stage 2	(24 799)	(42 772)	(24 799)	(42 772)
Stage 3	(413 009)	(283 035)	(413 009)	(283 032)
Carrying value of loans and receivables	2 842 627	2 851 101	2 842 627	2 851 098
Long-term portion	2 324 691	2 257 745	2 324 691	2 258 012
Short-term portion	517 936	593 356	517 936	593 086

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 4,0 and 27,0 percent (2020: 5,75 and 19,15 percent) per annum. The amortised cost of the interest-bearing loans approximates fair value, as the loans are priced at variable, market related rates.

2 842 627

2 851 101

2 842 627

2 851 098

	GR	GROUP		COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000	
Gross interest-bearing loans	2 968 875	2 956 541	2 968 875	2 956 536	
Less: allowance for impairment	(412 283)	(332 379)	(412 283)	(332 376)	
Stage 1	(19 414)	(50 199)	(19 414)	(50 198)	
Stage 2	(23 072)	(40 073)	(23 072)	(40 072)	
Stage 3	(369 797)	(242 107)	(369 797)	(242 106)	
	2 556 592	2 624 162	2 556 592	2 624 160	

5.1.2 Shareholders' loans

These loans are unsecured, and are priced at interest rates between zero and 5,00 percent (2020: zero and 8,75 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.

	148 515	150 480	148 515	150 480
Stage 3	(11 772)	(12 914)	(11 772)	(12 915)
Stage 2	(273)	(281)	(273)	(280)
Stage 1	(752)	(1 853)	(752)	(1 853)
Less: allowance for impairment	(12 797)	(15 048)	(12 797)	(15 048)
Gross shareholders' loans	161 312	165,528	161 312	165 528

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 1,0 and 27,0 percent (2020: 2,55 and 26,15 percent). The amortised cost of royalty agreements approximates fair value.

Royalty agreements	171 644	109 114	171 644	109 114
Less: allowance for impairment	(34 124)	(32 655)	(34 124)	(32 657)
Stage 1	(1 230)	(2 225)	(1 230)	(2 224)
Stage 2	(1 454)	(2 418)	(1 454)	(2 421)
Stage 3	(31 440)	(28 012)	(31 440)	(28 012)
	137 520	76 459	137 520	76 457
Gross loans and receivables Less: Allowance for impairment	137 520 3 301 831 (459 204)	76 459 3 231 183 (380 082)	3 301 831 (459 204)	76 457 3 231 177 (380 079)



The Group accepted mortgage bonds, notarial bonds and other types of collateral, at a value of R3 101,7 million (2020: R3 026,1 million) as collateral for interest-bearing loans. The Group has the authority to cede or repledge this collateral.

For the impact of COVID-19 on the loans and receivables balance, refer to note 1.16.1.

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).

6. Other Investments

	GROUP		CON	COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000	
Fair value through other comprehensive income financial assets	66 960	83 017	66 956	83 013	
Carrying value of other investments	66 960	83 017	66 956	83 013	

6.1 The movement in fair value through OCI financial assets is as follows:

Fair value – beginning of year	83 017	75 686	83 013	75 682
Disposals	(20 376)	(52)	(20 376)	(51)
Acquisitions	65	4 167	65	4 166
Fair value surplus transferred to equity	4 254	3 216	4 254	3 216
	66 960	83 017	66 956	83 013
Fair value through OCI financial assets				
include the following:				
Listed securities	337	272	337	272
Unlisted securities	66 623	82 745	66 619	82 741
	66 960	83 017	66 956	83 013

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 suitably qualified personnel. The directors approved the valuation techniques.

 GROUF		COMPANY		
2021	2020	2021	2020	
R000	R000	R000	R000	

7. Assets held for resale

Repossessed properties - at the beginning of the year Additions Disposals Impairment Depreciation charged

46 770	35 888	31 698	35 882
(100)	(600)	(100)	(600)
(4 085)	(1 747)	(4 084)	(1 747)
15 067	3 257	-	3 251
35 888	34 978	35 882	34 978

Assets comprising mainly of properties were 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.

8. Investments in associates

Audited 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 R 149 000 before tax (2020: profit of R1,7 million). A register containing details of all listed, unlisted and other investments is available at the registered office.

Unlisted shares at cost	1 458	1 462	1 458	1 462
Share of retained earnings	90 250	88 987	-	=
Total for unlisted associates	91 708	90 449	1 458	1 462
Fair value of investment in associates	330 219	289 139	330 219	289 139

The valuation methods applied to determine the directors' valuation are consistent with the valuation guidelines recommended by the Southern African Venture Capital and Private Equity Association (SAVCA).

Management has taken into account the impact of trading in a post COVID-19 environment on the value of the investments held. The following factors were considered:

- Reduction of the businesses cash flows;
- risk profile of the business based on the industry and its location;
- expected duration of recovery to profitability; and
- the expected timing and efficiency of the COVID-19 vaccination roll-out.



	GROUP		COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000
The movement in investments in associates is a	as follows:			
Balance – beginning of year	90 449	112 363	1 462	1 466
Share of results before tax (refer note 21)	14 057	16 339	-	-
Share of tax	(4814)	(3 286)	-	=
Other movements (net of acquisitions and				
disposals)	(7 984)	(34 967)	(4)	(4)

91 708

90 449

CDOLID

The Group has investments in 352 associates (2020: 375), a list of which is available at the Company's registered office for inspection. The detail of the Group's 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.

9. Investments in subsidiaries and loans

9.1 Investments in subsidiaries

Balance - end of year

Unlisted shares at cost

9	10
9	10

CONTRACTO

1 458

1 462

9.2 Loans to/(from) subsidiaries

Loans to subsidiaries

Interest free loans
Interest-bearing loans

478 096	547 407
17 971	21 393
496 067	568 800
(22 472)	(19 122)

Loans from subsidiaries

Interest free loans

	4/3 595	549 678		
rties (002 (Pty) Ltd to _I	purchase a property.		

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.

The Company's interest in the aggregate net profits and losses of subsidiaries are:

Profits	46 223	19 246
Losses	(16 727)	(7 648)

The details of the subsidiaries are disclosed in note 34.

9.3 Unconsolidated structured entities

The Group is involved in unconsolidated structured entities through a 6,67 percent (2020: 6,67 percent) interest held by Business Partners Limited ('BPL') in Business Partners International Southern Africa Fund LLC ('SAF') and a 16,8 percent (2020: 16,8 percent) interest held by BPL in Business Partners International East Africa Fund LLC ('EAF').

SAF and EAF are USD 30 million funds 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 and Uganda) respectively. These funds are financed by issuing shares to investors.

SAF and EAF are managed by Business Partners International (Pty) Limited ('BPI'), a subsidiary of BPL. BPI earns a fee based on 2% of the fee commitment. The total fee income for the year is R10,4 million (2020: R8,8 million).

A fair value loss of R3,3 million (2020: R3,2 million loss) is included as '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 BPL's interest in SAF and EAF.

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 2021 is USD 1,6 million (2020: USD 1,6 million) and of that USD 258 897 (2020: 258 897) has been distributed back.

SAF is an investment fund with a 5 year investment period and 3 year disinvestment period, which will end on 31 March 2022. SAF will be liquidated after the disinvestment period. All shareholder loans will be repaid on liquidation.

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 (R'000)

		Southern Africa Fund		East Africa Fund	
		2021	2020	2021	2020
Movement in foreign exchange rate by 1 USD/ZAR	Increase	824	746	4 186	4 296
	Decrease	(824)	(746)	(4 186)	(4 296)
Movement in net asset value by 10%	Increase	1 242	1 829	8 209	7 617
	Decrease	(1 242)	(1 829)	(8 209)	(7 617)



	Industrial Sector	Retail Sector	Office Sector	Other	Total
	R000	R000	R000	R000	R000
10. Investment properties					
GROUP					
31 March 2021					
Fair value – beginning of year	1 100 876	492 818	54 782	50	1 648 526
Acquisitions	13 924	263	-	-	14 187
First time consolidated investment properties	-	-	(25 611)	-	(25 611)
Improvements	3 020	1 057	-	-	4 077
Fair value adjustment	7 178	17 530	(417)		24 291
Fair value – end of year	1 124 998	511 668	28 754	50	1 665 470
31 March 2020					
Fair value – beginning of year	1 057 010	428 571	28 911	5 188	1 519 680
Acquisitions	94 525		25 349	-	119 874
First time consolidated investment properties	=	79 017	72	(5 138)	73 951
Improvements	4 965	1 980	_	-	6 945
Disposals	(5 960)	(1 450)	=	-	(7 410)
Fair value adjustment	(48 222)	(15 300)	450	-	(63 072)
Transfer to property, plant and equipment	(1 442)	=	-	-	(1 442)
Fair value – end of year	1 100 876	492 818	54 782	50	1 648 526
COMPANY					
31 March 2021					
Fair value – beginning of year	635 427	209 161	20 450	51	865 089
Acquisitions	13 426	-	-	-	13 426
Improvements	1 341	600	-	-	1 941
Fair value adjustment	18 798	1 730	(680)		19 848
Fair value – end of year	668 992	211 491	19 770	51	900 304
31 March 2020					
Fair value – beginning of year	661 278	214 310	20 000	51	895 639
Acquisitions	5 744			-	5 744
Improvements	2 215	-	-	_	2 215
Disposals	(5 960)	(1 450)	=	=	(7 410)
Fair value adjustment	(27 850)	(3 699)	450	-	(31 099)
Fair value – end of year	635 427	209 161	20 450	51	865 089

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 2021, the Group was committed to investing in properties to the value of R21,7 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 fair values of buildings are 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 discount rates are approved by the valuation panel with reference to current market information and after a detailed assessment of the respective properties. The estimated rental income stream takes into account 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. The rental assumption, vacancy factors, and property expenses are also informed by actual and historical trends. The valuation panel also reviews and approves the principles applied in the valuation parameters.

On an annual basis, nine properties are selected on a rotational basis for valuation by the external valuators. The valuations performed by the external valuators on the property portfolio is in line with the valuation panel's 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 valuers registered with the Royal Institute of Chartered Surveyors. The name of the valuer is Peter Parfitt who is independent and is registered as a professional valuer in terms of the Property Valuers Profession Act, 2000 (Act 47 of 2000).

In the prior year, the income capitalisation method was used to estimate the fair value of the property portfolio. The change to the discounted cash flow method was necessitated by the impact of COVID-19 on the economy and expected variability in net cashflows and growth rates over the short to medium-term.

The estimated impact on the fair value of investment properties increase of R24,3 million (2020: decrease of R 63,0 million).

The future impact of COVID-19 on the property portfolio was considered and included in the unobservable inputs disclosed below:

Significant unobservable inputs

At the reporting date, the key assumptions and unobservable inputs used by the Group in determining fair value were in the following ranges for the Group's property portfolio. All properties were valued using the discounted cash flow method

	Industrial	Significant unobservable inputs			
	Industrial Sector	Retail Sector	Office Sector	Other*	
Total property portfolio					
Discount rate	15.66%	15.89%	15.30%	15.14%	
Average capitalisation note	11.25%	8.87%	10.69%	14.65%	
Vacancies	4.54%	4.54%	3.71%	5.70%	

^{*} Other properties include Lichtenburg (residential)



Other key assumptions:

Rental escalations

Rental escalations applied to the 10 year discounted cash flow (DCF) forecast calculations are initially based on contractual escalations till the period in which the leases expires. Subsequently rental escalations were based on the South African Property Owners Association rental growth model, which for the first 5 years reflects a 4% growth per year in industrial and office buildings and 5 percent growth per year for retail buildings. The rental growth is then increased to 5 percent per year for the last 5 years of the forecast.

Discount rate

The Morgan Stanley Capital International (MSCI) rates were 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 1,5 percent applied to buildings erected post to 31 March 2006; and
- An additional risk factor of 2,5 percent applied to buildings erected prior to 31 March 2006.

Inflation rate

Property expenses were escalated by an inflation rate of 6 percent other than insurance and municipal expenses that were escalated by 5 percent and 7 percent respectively.

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 include the impact of the COVID-19 pandemic and related government economic restrictions.

Rental growth

The rental growth factor refers to the anticipated growth of market rentals over the observed period of 10 years. Different growth rates were applied to different sectors due to the difference in the nature of the sectors.

Expense growth

The anticipated growth of investment property operating costs over the observable period of 10 years.

Sensitivity Analysis

Rental escalations and vacancies are the most sensitive inputs into the discounted cash flow model. The impact on the Group financial position that would arise from changes in vacancy rates and rental escalations are set out in the table below. This illustrates the impact in respect of both owned properties and its share of those properties held in property equity partners.



	GROUP	COMPANY
	R000	R000
Fair value at 31 March 2021	1 665 470	900 304
Impact of changes in Discount Rates on Fair Value of Investment Property: Increase in capitalisation / discount rates by 50bps	(1 625 778)	(854 192)
Increase in capitalisation / discount rates by 100bps	(1 587 644)	(835 141)
Decrease in capitalisation / discount rates by 50bps	1 706 758	894 621
Decrease in capitalisation / discount rates by 100bps	1 749 757	916 075

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 illustrated below.

	GF	ROUP	COMPANY		
	2021 2020 R000 R000		2021 R000	2020 R000	
Province					
Eastern Cape	170 120	169 865	61 150	55 731	
Free State	20 644	20 644	3 570	3 570	
Gauteng	696 265	666 171	189 781	171 565	
KwaZulu-Natal	374 448	372 234	337 660	335 830	
Limpopo Province	44 280	42 790	44 280	42 790	
Mpumalanga	43 150	43 160	43 150	43 160	
North West	43 053	42 173	43 053	42 173	
Northern Cape	5 650	5 650	5 650	5 650	
Western Cape	267 860	285 839	172 010	164 620	
	1 665 470	1 648 526	900 304	865 089	



Value/ m²

High-Level Portfolio Summary 31 March 2021

	Industrial				
GROUP	Sector	Retail Sector	Office Sector	Other	Total
NI	0.1	1.5	10	1	117
Number of properties	91	15	10	l	117
GLA m ²	329 355	33 883	18 365	140	381 743
Vacancy m ²	29 801	3 265	4 563	0	37 629
Vacancy %	9.0%	9.6%	24.8%	0.0%	9.9%
Value/ m²	3 416	15 101	1 566	357	4 363
COMPANY					
COMI AIVI					
Number of properties	74	9	4	1	88
GLA m²	230 271	19 905	5 377	140	255 693
Vacancy m²	22 085	2 805	452	0	25 342
Vacancy %	9.6%	14.1%	8.4%	0.0%	9.9%

10 625

3 677

357

3 521

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:

2 9 0 5

	GR	OUP	COMPANY		
	2021 R000	2020 R000	2021 R000	2020 R000	
 Rental income 	190 883	205 824	109 422	117 569	
 Recoveries 	101 367	99 284	61 049	59 571	
 Repairs and maintenance expenses 	12 325	13 674	6 913	8 646	
 Other operating expenses 	137 917	120 825	75 517	69 895	

Rental Relief Discounts

The tenants in the various properties were classified in terms of their operations as non-essential operations, restricted operations and essential operations in line with the regulations of the lockdown. Relief measures were offered to tenants for a four-month period (April-July 2020) in terms of the classification as follows:

- A 50 percent rebate on the rental charged for non-essential service tenants
- A 25 percent discount on the rental charged for restricted services tenants

Rental relief to the value of R12,2 million was provided to tenants as a result of the above relief measures. The relief amount was expensed in full in the March 2021 financial year.

GROUP		COMPAN	IY
2021 R000	2020 R000	2021 R000	2020 R000

11. Property, equipment and right-of-use asset

11.1 Equipment

Cost – beginning of year Acquisitions Transfers from investment property Disposals	45 173 1 028 52 (5 533)	33 349 7 372 5 691 (1 239)	38 793 1 000 52 (302)	32 032 1 888 5 691 (818)
Cost – end of year	40 720	45 173	39 543	38 793
Accumulated depreciation – beginning of year Depreciation charged Exchange differences Depreciation on disposals Transfers from investment property	(32 808) (2 772) (157) 281	(29 129) (2 675) (115) 1 166 (2 055)	(31 951) (2 717) - 280	(28 083) (2 619) - 806 (2 055)
Accumulated depreciation – end of year	(35 456)	(32 808)	(34 388)	(31 951)
Closing net carrying value	5 264	12 365	5 155	6 842

11.2 Land and buildings

Cost – beginning of year	105 934	105 934	-	-
Additions	25 612	-	-	-
Improvements	-	=	-	=
Disposals	(19 189)	-	-	-
Cost – end of year	112 357	105 934	-	-
Accumulated depreciation – beginning of year	(14 289)	(13 071)	-	-
Depreciation charged	(1 108)	(1 218)	-	-
Depreciation on disposals	4 122	-	-	-
Accumulated depreciation – end of year	(11 275)	(14 289)		_
, local marked depresentation of the or year	(11210)	(14 203)		
Closing net carrying value	101 082	91 645	-	-

Included in land and buildings are owner occupied properties at a carrying amount of R101,1 million (2020: R91,6 million).

A register of the property and equipment is available for inspection at the Company's registered office.



GROUP		COMPAN	IY .
2021	2020	2021	2020
R000	R000	R000	R000

11.3 Right-of-use asset

Cost - beginning of year	25 139	-	75 307	-
IFRS 16 transition adjustment	-	25 512	-	76 113
Additions	4 205	=	21 224	=
Improvements	-	-	-	-
Exchange differences	(606)	433	-	-
Disposals	(715)	(806)	(715)	(806)
Cost – end of year	28 023	25 139	95 816	75 307
Accumulated depreciation – beginning of year	(6 702)	-	(14 736)	-
Depreciation charged	(7 196)	(6 617)	(18 325)	(14 736)
Depreciation on disposals	107	(85)	107	-
	136	=	-	=
Accumulated depreciation – end of year	(13 655)	(6 702)	(32 954)	(14 736)
Closing net carrying value	14 368	18 437	62 862	60 571

The Right-of-use assets 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

120 714	122 447	68 017	67 413

12. Deferred tax

Deferred tax is calculated on all temporary differences under the liability method using a principal tax rate of 28 percent (2020: 28 percent).

An aging of deferred tax assets and deferred tax liabilities is as follows:

Deferred tax asset				
Deferred tax assets to be recovered after more				
than 12 months	28 814	23 319	27 618	21 766
Deferred tax asset to be recovered within 12				
months	174 770	150 499	182 206	156 633
	203 584	173 818	209 824	178 399
Deferred tax liability				
Deferred tax liabilities to be recovered after more				
than 12 months	(52 164)	(41 648)	(52 067)	(41 568)
Deferred tax liabilities to be recovered within 12				
months	(227 718)	(201 453)	(218 293)	(196 587)
	(279 882)	(243 101)	(270 360)	(238 155)
Net deferred tax liabilities	(76 298)	(69 283)	(60 536)	(59 756)

 GROUP		COMPANY	
2021	2020	2021	2020
R000	R000	R000	R000

The Group has concluded that the deferred tax assets will be 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:

Balance - beginning of the year Charge to profit and loss component of the	(69 283)	(121 359)	(59 756)	(104 807)
statement of comprehensive income				
Provisions	21 776	34 530	20 114	33 631
 Investment properties 	(11 476)	14 570	(4 538)	7 976
• Fair value adjustments: financial instruments	(1 068)	507	(1 444)	984
 Defined benefit pension fund surplus 	(4 922)	(4 618)	(4 922)	(4 618)
 Assessed losses 	(1 335)	9	-	-
Charged directly to other comprehensive income	(9 990)	7 078	(9 990)	7 078
Balance - end of the year	(76 298)	(69 283)	(60 536)	(59 756)
Balance - end of the year	(76 298)	(69 283)	(60 536)	(59 756)
Balance - end of the year Net deferred tax liabilities consist of temporary	(76 298)	(69 283)	(60 536)	(59 756)
•	(76 298)	(69 283)	(60 536)	(59 756)
Net deferred tax liabilities consist of temporary	(76 298)	(69 283) 119 944	(60 536)	(59 756) 113 376
Net deferred tax liabilities consist of temporary differences relating to:				
Net deferred tax liabilities consist of temporary differences relating to: Provisions	142 943	119 944	134 713	113 376
Net deferred tax liabilities consist of temporary differences relating to: Provisions Investment properties	142 943 (122 108)	119 944 (110 633)	134 713 (100 506)	113 376 (95 968)
Net deferred tax liabilities consist of temporary differences relating to: Provisions Investment properties Fair value adjustments: financial instruments	142 943 (122 108) (31 606)	119 944 (110 633) (34 135)	134 713 (100 506) (29 119)	113 376 (95 968) (31 273)

13. 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 R10,6 million (2020: R10,5 million).

13.1.2 Defined benefit pension fund

The Group operates a defined benefit pension fund for the benefit of pensioners providing a guaranteed level of pension payable. The fund is closed to new members and has no active members. At year end, there were 78 (2020: 81) members benefiting from the fund. The benefits provided are based on years of service and remuneration level at retirement. Responsibility for the governance of the fund is vested in the board of trustees and is regulated as described below.



The past service obligation as at 31 March 2021 in respect of pensioners, has been calculated in accordance with the Projected Unit Credit method by actuaries. No current service costs were incurred since the fund has no active members. The interest cost represents the increase during the year in the obligation which arises because the benefits are one year closer to settlement and is determined by multiplying the discount rate by the average liability over the period.

The fund is governed by the Pension Funds Act of 1956 (as amended) which requires that a statutory valuation be carried out at least every three years. The last statutory valuation of the fund was conducted at 1 April 2019 and confirmed that the fund was in a sound financial position. The funding level, in terms of the market value of the plan assets and this valuation basis and assumptions, was 389 percent (2020: 318 percent).

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 fund, the surpluses in the fund are for the benefit of the employer and are recognised in full as an asset on the statement of financial position. The increase in the value of the surplus of R70,1 million (2020: decrease of R23,7 million) is accounted for in the statement of comprehensive income.

The PF Act requires that a fund establish contingency reserves to ensure the financial soundness of the fund. The contingency reserves consist of a Data Reserve and a Solvency Reserve amounting to R2,0 million (2020: R1,4 million) and R7,2 million (2020: R7,6 million) respectively.

13.1.3 Amount recognised in the statement of financial position

	GROUP & CO	OMPANY
	2021 R000	2020 R000
Market value of assets	315 524	239 233
Present value of defined benefit obligation	(81 154)	(75 332)
Defined benefit pension fund surplus	234 370	163 901
13.1.4 Defined benefit plan reconciliations		
Reconciliation of the net surplus:		
Defined benefit pension fund surplus - beginning of year	163 901	187 580
Movement in obligation	(14 640)	2 160
Movement in plan assets	85 868	(25 115)
Expenses and tax paid	(759)	(724)
Defined benefit pension fund surplus - end of year	234 370	163 901

GROUP & COMPANY

	2021 R000	2020 R000
Reconciliation of the movement in the defined benefit obligation:		
Defined benefit obligation - beginning of year	75 332	86 068
Interest expense Benefits paid	8 663 (8 818)	8 090 (8 576)
·	75 177	85 582
Remeasurements	5 977	(10 250)
Change in actuarial assumptions - loss/(gain)	8 049	(9 150)
Experience adjustments - (gain)	(2 072)	(1 100)
Defined benefit obligation - end of year	81 154	75 332
Reconciliation of the movement in the plan assets:		
Market value of assets - beginning of year	239 233	273 648
Interest income	26 999	25 308
Remeasurement	58 869	(50 423)
Benefits paid	(8 818)	(8 576)
Expenses and tax paid	(759)	(724)
Market value of assets - end of year	315 524	239 233

13.1.5 Nature of the pension fund assets

The pension fund assets are administered by asset managers in accordance with prudential guidelines, and consist of the following:

Market value of assets - end of year	315 524	239 233
Money market assets Property related assets	37 180 6 798	55 168 6 369
Capital market assets	76 255	56 053
Equity assets and other	195 291	121 643

The value of assets disclosed above are based on quoted prices in active markets, with the exception of property related assets.



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2021	2020
R000	R000

%

%

13.1.6 Movements in defined benefit plan accounted for in the statement of comprehensive income

18 336 Interest income on net surplus 17 218 Expenses and tax paid (759)(724)Total included in staff costs (refer note 24) 16 494 17 577 Remeasurements and movement recognised in other comprehensive income before tax 52 892 (40173)Actual return on assets 58 869 (50423)Change in financial assumptions - (loss) / gain 9 150 (8.049)Change in demographic assumptions - (loss) / gain Experience adjustments - gain / (loss) 1 100 2 072 Total recognised in the statement of comprehensive income 70 469 (23 679)

13.1.7 The principal actuarial assumptions

Discount rate	4.1%	5.6%
Expected rate of return on plan assets	9.8%	11.5%
Inflation rate	6.2%	6.6%
Target pension increase	5.5%	5.9%
Average life expectancy	11.6 yrs.	12.3 yrs.
Post-retirement mortality - PA(90) mortality tables with age reduction	2 yrs.	2 yrs.

13.1.8 Sensitivity analysis as at 31 March 2021

Should the discount rate change by one percent, the impact would be as follows:	Increase of 1%	Decrease of 1%
Change in liability - (decrease) / increase	(5 539)	6 348

The mortality assumption used in the calculation of the liability assumes a 1 percent improvement per annum in mortality rates. Should the mortality assumption change by one percent per annum, the impact would be as follows:

	Improvement of 2% per annum	No improvement
Change in liability - increase / (decrease)	5 240	(4 671)

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

13.2 Post-employment medical benefits

The Group operates a post-retirement medical aid benefit scheme for employees and pensioners who were in the service of the Group on or before 30 April 1999. There are 191 (2020: 195) members benefiting from the scheme. The entitlement to these benefits is dependent upon the employee remaining in service until retirement age. The plan is not funded, and monthly subsidy payments are made to all qualifying members. The post - retirement medical aid subsidy is increased annually by 89 percent of the Consumer Price Index ("CPI").



GROUP & COMPANY

R000

R000

2021 2020

The main actuarial assumptions used in calculating the liability at balance sheet date is the discount rate at which the present value of the future liability (payments) is determined. The real discount rate is the quotient of the market rates on high quality interest bearing bonds and the increase in the subsidy rate.

The real discount rate was determined as follows:	%	%
Nominal rate on high quality interest bearing bond	11.11%	12.37%
Real rate on high quality interest bearing bond	3.86%	4.98%
Implied price inflation	6.98%	7.04%
Subsidy inflation rate (89 percent of implied price inflation)	6.21%	6.27%
Nominal rate on high quality interest bearing bond	11.11%	12.37%
Subsidy inflation rate	6.21%	6.27%
Real discount rate	4.61%	5.74%

13.2.1 Amount recognised in the statement of financial position

Liability - beginning of year	75 634	87 713
Benefits paid	(5 709)	(5 455)
Recognised in comprehensive income for the year	9 498	9 106
Recognised in other comprehensive income before tax	4 368	(15 730)
Liability - end of year	83 791	75 634

13.2.2 Movements in post-employment medical benefits accounted for in the statement of comprehensive income

Interest expense	8 977	8 395
Current service cost	521	711
Total included in staff costs (refer note 24)	9 498	9 106
Remeasurements and movement recognised in other comprehensive income before tax	4 368	(15 730)
Change in economic assumptions - loss / (gain)	8 294	(13 589)
Experience adjustments - (gain) / loss	(1 294)	(431)
Change in demographic profile - (gain) / loss	(2 632)	(1 710)
Total recognised in the statement of comprehensive income	13 866	(6 624)



GROUP & COMPANY			
2021	2020		
R000	R000		

13.2.3 Sensitivity analysis as at 31 March 2021

Should the discount rate change by one percent, the impact would be as follows:	Increase of 1%	Decrease of 1%
Change in interest expense - (decrease) / increase	(45)	30
Change in current service cost - (decrease) / increase	(69)	84
Change in liability - (decrease) / increase	(7 035)	8 272
Should the mortality improvement assumption change by one percent, the impact would be as follows:	Increase of 1%	Decrease of 1%
	Increase of 1% (472)	Decrease of 1%
would be as follows:		

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

13.3 Exposure to actuarial risk

The post-employment obligations expose the Group to the risk that the benefits promised cost more than the accumulated assets set aside to meet such benefits, which will ultimately require additional funding from the Group. This risk can be categorised as follows:

Regulatory risk applicable to the defined benefit pension fund

The fund's benefit obligations are governed by the rules of the respective plans which operate within the regulatory framework of the country. Should the regulatory framework change, the Group is exposed to a risk of an increase in the obligations.

Investment risk applicable to the defined benefit pension fund

The actuarial valuation make assumptions about the returns that may be earned on invested assets. If the return on plan assets is below this rate, it may lead to a strain on the fund, which over time, may lead to a plan deficit.

For the year under review, a liability driven investment strategy has been followed to reduce the interest rate risk to which the fund is exposed. This consists of applying a dynamic hedging/matching strategy by investing assets to match the fund's obligations to the pensioners in a combination of a Matching and a Growth Portfolio. The fund is well hedged for future market movements.

Inflation risk

Benefits in these plans are linked to inflation. Increased inflation represents the risk of increasing the cost of meeting the benefit obligation.

Longevity risk

If members live longer than expected, the fund's obligation will increase as the benefits are paid for a longer period.



13.4 Cash flow impact

No contributions will be made to the defined benefit pension fund in the coming financial year. Contributions to the post-employment medical benefits and the defined contribution fund are expected to approximate R5,4 million and R10,3 million respectively.

The weighted average duration of the defined benefit obligation is 9,0 years and the medical aid benefit is 12,3 years.

The expected maturity analysis of undiscounted pension and post-employment medical benefits at 31 March 2021 is set out below.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	R000	R000	R000	R000	R000
Defined benefit pension fund	8 910	8 984	27 159	162 780	207 833
Post-employment medical benefits	6 506	6 911	23 587	408 505	445 509
	15 416	15 895	50 746	571 285	653 342

14. Share capital

14.1 Authorised

		GROUP		COMPANY	
		2021 R000	2020 R000	2021 R000	2020 R000
	400 000 000 ordinary shares of R1 each	400 000	400 000	400 000	400 000
14.2	Issued				
	173 000 594 (2020: 173 000 594) ordinary shares of R1 each	173 001	173 001	173 001	173 001
		173 001	173 001	173 001	173 001



		Net actuarial (loss)/gain on post-retirement benefits	Fair value adjustment to financial instruments	Foreign currency translation reserve	Share of other comprehensive income of associates	Total
		R000	R000	R000	R000	R000
15. Fair value and oth	er reserves	6				
GROUP						
At 01 April 2019		78 145	(4 240)	7 168	2 289	83 362
Remeasurement of post-employment	benefits:		(/			
Defined benefit pension fund	- gross	(40 173)	-	-	-	(40 173)
D	- tax	11 248	-	-	-	11 248
Post-employment medical benefits	- gross - tax	15 730 (4 404)	-	-	-	15 730 (4 404)
Revaluation of financial instruments	- gross	(4 404)	3 165	_	_	3 165
	- tax	-	(709)	_	-	(709)
Currency translation differences	- gross	-		(3 977)	-	(3 977)
	- tax	-	-	942	-	942
Share of associates other comprehens At 31 March 2020	sive income	60 546	(1 784)	4 133	2 289	65 184
At 31 March 2020		00 540	(1 704)	4 133		03 164
At 01 April 2020		60 546	(1 784)	4 133	2 289	65 184
Remeasurement of post-employment		F0 000				F0.000
Defined benefit pension fund	- gross - tax	52 892 (14 810)	-	_		52 892 (14 810)
Post-employment medical benefits	- gross	(4 368)	_	_	_	(4 368)
	- tax	1 223	-	-	-	1 223
Revaluation of financial instruments	- gross	-	4 3 1 9	-	-	4 3 1 9
	- tax	-	(968)	-	-	(968)
Currency translation differences	- gross	-	-	(21 210)	-	(21 210)
Share of associates other comprehens	- tax		-	4 564	40	4 564 40
At 31 March 2021	sive income	95 483	1 567	(12 513)	2 329	86 866
COMPANY						
			(
At 01 April 2019 Remeasurement of post-employment	honofito:	78 145	(4 240)	3 406	-	77 311
Defined benefit pension fund	gross - gross	(40 173)	_	_	_	(40 173)
beilied berieffe periolon rand	- tax	11 248	_	_	-	11 248
Post-employment medical benefits	- gross	15 730	-	-	-	15 730
	- tax	(4 404)	-	-	-	(4 404)
Revaluation of financial instruments	- gross	-	3 165	-	-	3 165
Currency translation differences	- tax - gross	-	(709)	(4 208)	-	(709) (4 208)
Currency translation unferences	- tax	_	_	942	_	942
At 31 March 2020		60 546	(1 784)	140	-	58 902
At 01 April 2020		60 546	(1 784)	(140)	-	58 902
Remeasurement of post-employment	benefits:			,		
Defined benefit pension fund	- gross	52 892	-	-	-	52 892
Post-employment medical benefits	- tax	(14810)	-	-	-	(14810)
rost-етпрюутнент medical benefits	- gross - tax	(4 368) 1 223	-	-		(4 368) 1 223
Revaluation of financial instruments	- gross	-	4 3 1 9	_	-	4319
	- tax	-	(968)	-	-	(968)
Currency translation differences	- gross	-	-	(20 376)	-	(20 376)
44 01 Marrish 0001	- tax	-		4 564	-	4 564
At 31 March 2021		95 483	1 567	(15 672)		81 378

^{*} The nature and purpose of each reserve is detailed in the respective accounting policies.

		GRO	GROUP		ANY
		2021 R000	2020 R000	2021 R000	2020 R000
16.	Accounts payable				
	Tenant deposits held Funds held in trust Trade vendors Statutory vendors Prepaid and deferred income Other	23 098 14 829 10 169 (194) 20 978 7 396	21 478 13 891 12 828 8 526 16 398 6 933	15 024 - (4 869) (1 642) 17 464 3 365	14 355 545 7 359 13 805 2 634
		76 276	80 054	29 342	38 698

17. Provisions

	Leave pay	Bonus	Total
	R000	R000	R000
GROUP			
Balance at 01 April 2019	15 965	30 639	46 604
Provided for the year	4 273	27 059	31 332
Utilised during the year	(2 476)	(29 000)	(31 476)
Balance at 31 March 2020	17 762	28 698	46 460
Balance at 01 April 2020	17 762	28 698	46 460
Provided for the year	3 007	25 662	28 669
Utilised during the year	(2 787)	(25 012)	(27 799)
Balance at 31 March 2021	17 982	29 348	47 330
COMPANY			
Balance at 01 April 2019	15 180	28 472	43 652
Provided for the year	4 343	27 436	31 779
Utilised during the year	(2 499)	(28 101)	(30 600)
Balance at 31 March 2020	17 024	27 807	44 831
Balance at 01 April 2020	17 024	27 807	44 831
Provided for the year	3 137	25 032	28 169
Utilised during the year	(2 835)	(24 184)	(27 019)
Balance at 31 March 2021	17 326	28 655	45 981

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.



	GROUP	GROUP		1Y
	2021 R000	2020 R000	2021 R000	2020 R000
) Lagge lightlity				

18. Lease liability

Lease liability	16 422	19 266	68 200	63 137
Non - current	10 342	13 523	51 324	49 894
Current	6 080	5 743	16 876	13 243
Lease liabilities reconciliation				

Opening balance	19 266	-	63 137	-
Transition adjustment	-	25 512	-	76 113
Additions	4 205	=	21 224	=
Terminations or cancellations	(777)	(1 025)	(777)	(1 024)
Interest expense	1 852	2 078	6 657	6 145
Payments	(7 217)	(7 688)	(22 041)	(18 097)
Payment of principal portion	(5 364)	(5 610)	(15 384)	(11 952)
Payment of interest portion	(1 853)	(2 078)	(6 657)	(6 145)
Exchange and other movements	(907)	389	-	=
Closing balance	16 422	19 266	68 200	63 137

19. **Borrowings**

19.1 Non-current

Interest-free Jobs Fund loan Interest-bearing long-term loans

Current

Short-term portion of long-term loans

561 829	227 501	561 829	227 501
561 829	227 501	561 829	227 501
982 174	1 426 293	957 253	1 426 293
950 523	1 384 629	925 602	1 384 629
31 651	41 664	31 651	41 664

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. The loans' repayment terms are 5 and 10 years respectively. Refer note 2.3.3.
- 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 loans' repayment terms is 10 years. Refer to note 2.3.3.

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 has come to an end in 2021 after a 5 year period. All capital recovered will be distributed in terms of the agreement.

Some of the Company's loan agreements (classified as non-current during the year) are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company exceeded the upper limits of the 90 days arrears percentage on loan's receivable, for a facility with outstanding balance of R266 million at the financial year-end. Due to this breach of the covenant clause, the funder, a South African development finance institution, is contractually entitled to request for immediate repayment of the outstanding loan amount of R266 million, of which R133 million was repaid in April 2021.

Management is in the process of renegotiating the upper limit of this covenant with the funder and the loan is going to be fully settled in April 2022.

19.2 Net debt reconciliation

		GROUP		COMPANY	
		2021 R000	2020 R000	2021 R000	2020 R000
	N. A. L.				
	Net debt by repayment term Cash and cash equivalents	370 496	363 885	350 422	340 193
	Borrowings - repayable within one year (including overdraft)	(561 829)	(227 501)	(561 829)	(227 501)
	Borrowings - repayable after one year	(982 174)	(1 426 293)	(957 253)	(1 426 293)
	Net debt	(1 173 507)	(1 289 909)	(1 168 660)	(1 313 601)
	Net debt by interest structure				
	Cash and cash equivalents	370 496	363 885	350 422	340 193
	Gross debt - fixed interest rates	(31 651)	(41 664)	(31 651)	(41 664)
	Gross debt - variable interest rates (including overdraft)	(1 512 352)	(1 612 130)	(1 487 431)	(1 612 130)
	Net debt	(1 173 507)	(1 289 909)	(1 168 660)	(1 313 601)
19.3	Total borrowings reconciliation				
	Opening balance	1 653 794	1 230 297	1 653 794	1 230 297
	Interest	86 887	111 358	86 887	111 358
	Repayments	(316 047)	(194 984)	(316 047)	(194 984)
	Drawdowns	104 462	506 097	104 462	506 097
	Other movements	14 907	1 026	(10 014)	1 026
	Total borrowings	1 544 003	1 653 794	1 519 082	1 653 794



GROUP		1Y
2020	2021	2020
R000	R000	R000

20. Revenue

Interest income	336 748	416 104	340 069	420 972
Interest on loans and receivables	224 009	318 748	227 436	324 272
Interest on surplus funds	11 381	9 771	11 275	9 115
Royalty fees	101 358	87 585	101 358	87 585
Interest expense	(89 230)	(117 205)	(89 230)	(117 127)
Interest bearing borrowings	(89 230)	(117 877)	(89 230)	(117 799)
Bank overdraft/ interest on surplus funds	-	672	-	672
Net interest income	247 518	298 899	250 839	303 845

21. Investment income and gains

Investment income	29 670	55 724	36 995	74 782
Surplus on realisation of unlisted investments	29 667	50 728	36 898	64 091
Surplus on realisation of investment properties	-	4 990	-	4 990
Dividends received	3	6	97	5 701
Investment gains	35 268	(44 654)	16 709	(28 974)
Income from associated companies	14 057	16 339	-	-
Fair value movement investment properties	24 191	(63 073)	19 749	(31 101)
Net foreign exchange rate differences	(2 980)	2 080	(3 040)	2 127
	64 938	11 070	53 704	45 808
	34 300	11 010	30 104	40 000

22. Net Property Revenue

22.1 Net Property Revenue

Revenue from contracts with tenants

Total contracted rental income	190 883	205 824	109 422	117 569
Contracted rental income	203 302	205 824	118 103	117 569
COVID-19 contracted rental income discounts	(12 419)	-	(8 681)	-
Electricity recovered	41 928	43 106	22 968	23 890
Assessment rates recovered	23 238	21 010	14 471	12 841
Security recovered	12 287	11 568	8 099	7 727
Other costs recovered	23 914	23 600	15 511	15 113
Non-contractual revenue				
Penalty interest	1 178	881	718	609
Lease administration fee	1 729	1 233	1 728	1 233
Commission earned	4	87	4	87
	295 161	307 309	172 921	179 069

		GROUP		COMPA	NY
		2021 R000	2020 R000	2021 R000	2020 R000
22.2	Property Expenses				
	Property expenses Property maintenance Impairments Bad debts	137 917 12 325 11 451 2 641 164 334	120 825 13 674 12 893 2 170 149 562	75 517 6 913 5 188 1 599 89 217	69 895 8 646 7 970 2 076 88 587
23.	Net credit losses				
	Loans and receivables written off Legal and other expenses incurred on recovery Impairments created/(released) Stage 1 Stage 2 Stage 3 (includes suspended interest in stage 3) Recovery of loans and receivables written off	35 170 4 079 79 123 (32 878) (17 973) 129 974 (21 104) 97 268	94 303 3 398 83 584 (484) 26 858 57 210 (33 452) 147 833	35 169 4 074 79 125 (32 878) (17 973) 129 976 (21 099) 97 269	93 951 3 378 83 589 (484) 26 857 57 216 (33 387) 147 531
24.	Staff costs				
	Remuneration at cost to company Post-employment medical benefits (refer note 13.2.1) Bonuses and provisions	150 146 9 498 30 695	148 598 9 106 31 701	140 841 9 498 29 796	137 827 9 106 31 579
	Defined benefit pension fund gain (refer note 13.1.6) Indirect staff costs	190 339 (17 577) 2 031 174 793	189 405 (16 494) 6 365 179 276	180 135 (17 577) 1 980 164 538	178 512 (16 494) 6 279 168 297
25.	Other operating expenses				
	Computer expenses Depreciation Office expenses Professional services Public relations and advertising Telephone, postage, printing and stationary Other sundries	15 540 11 078 3 581 21 946 5 035 2 792 1 442	16 087 10 510 4 708 28 484 13 769 3 917 11 006	15 474 20 936 25 073 19 094 5 033 2 683 (13 788) 74 505	16 008 17 355 24 100 25 388 13 642 3 619 2 076



GROUP	
2021	
R000	

26. Profit from operations

The following items have been included in arriving at profit from operations:

Depreciation on property and equipment	3 880	3 893	2 717	2 619
Directors' emoluments:	-	-	-	-
 as directors (refer note 32.2) 	2 513	2 450	2 513	2 450
 as management (refer note 32.2) 	6 923	8 121	6 923	8 121
Auditor's remuneration:	-	=	-	=
audit	5 794	(6 662)	4 867	(5 407)
other services	360	(1 279)	358	(1 279)
Surplus on realisation of property and				
equipment	(3)	(155)	(3)	(158)

27. Tax expense

27.1 Tax charge though profit and loss component of comprehensive income

Income tax - current year	30 215	50 617	18 614	30 343
- prior year	-	(575)	-	(66)
Deferred tax - current year	(2 975)	(44 999)	(9 211)	(37 972)
- prior year	1 289	(41)	-	-
	28 529	5 002	9 403	(7 695)
Dividends withholding tax	106	23	-	=
Tax of associated companies	4814	3 286		
Capital gains tax	8 215	15 890	8 215	15 890
	41 664	24 201	17 618	8 195

27.2 Reconciliation of rate of taxation

South African normal tax rate	28.00%	28.00%	28.00%	28.00%
Adjusted for:	2.33%	2.39%	(3.95%)	(10.11%)
Income not subject to tax	0.00%	(0.13%)	(0.04%)	(3.73%)
Non-deductible expenses	0.48%	(0.20%)	0.23%	(0.12%)
Dividends withholding tax	0.08%	0.03%	0.00%	0.00%
Income subject to capital gains tax	(1.01%)	3.54%	(4.32%)	(5.97%)
Prior year adjustments	0.72%	(0.99%)	0.18%	(0.14%)
Other	2.07%	0.14%	0.00%	(0.14%)
	20.220/	20.20%	04.05%	10.000
Effective tax rate on profit before taxation	30.33%	30.39%	24.05%	18.03%

GROUP		COMPAN	1Y
2021	2020	2021	2020
R000	R000	R000	R000

27.3 Tax charge through other comprehensive income

The tax effect of items accounted for in other comprehensive income is as follows:

Actuarial remeasurement on defined benefit pension fund Actuarial remeasurement on post-retirement medical aid obligation Fair value adjustment of financial assets held at fair value through other comprehensive income Foreign currency translation movement

(9 991)	7 077	(9 991)	7 077
4 564	942	4 564	942
(968)	(709)	(968)	(709)
1 223	(4 404)	1 223	(4 404)
(14 810)	11 248	(14 810)	11 248

28. Earnings per share

Basic earnings per share is calculated by dividing the net profit by the number of ordinary shares in issue during

Basic earnings per share 28.1

Net profit	94 119	53 484
Weighted number of ordinary shares ('000)	173 001	173 001
Basic earnings per share (cents)	54.4	30.9

Headline earnings per share 28.2

Net profit	94 119	53 484
Adjustments net of tax		
 Capital profit on sale of equipment 	(2)	(120)
 Profit on sale of property investments 	-	(3 872)
 Profit on sale of associates 	(23 022)	(39 365)
• Fair value adjustment of investment properties	(18 772)	48 945
Headline earnings	52 323	59 072
Headline earnings per share (cents)	30.2	34.1

Dividend per share 29.

No dividend was declared in respect of 2021 financial year.



	COMPA	NY
2020	2021	2020
R000	R000	R000
	2020	2020 2021

30. Commitments and lease agreements

30.1 Capital commitments

Loans and receivables approved but not advanced Capital committed in respect of purchase of investment properties

392 129	330 311	392 129	330 311
6 850	20 593	6 850	20 593
385 279	309 718	385 279	309 718

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 R7,2 million (2020: R7,7 million) for Group and R22,0 million (2020: R18,1 million) for Company.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

• 1 year	7 147	6 541	22 001	17 675
between 1 and 5 years	10 455	14 430	58 094	59 126
• after 5 years	-	-	-	-
	17 602	20 971	80 095	76 801

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	Between 1 and 5 years	Over 5 years	Total
	R000	R000	R000	R000
Group Company	162 053 92 708	166 615 93 383	16 917 9 699	345 585 195 790

GROUP		COMPAN	IY
2021	2020	2021	2020
R000	R000	R000	R000

31. Cash flow information

31.1 Non-cash adjustments

Income from associated companies (refer note 21)	(14 057)	(16 339)	-	-
Surplus on sale of assets	(29 671)	(55 873)	(36 902)	(69 239)
Fair value adjustment of investment properties (refer note 21)	(24 191)	63 073	(19 749)	31 101
Fair value adjustment of financial				
instruments	(18 022)	(13 339)	(18 022)	(13 339)
Depreciation (refer note 11)	11 076	10 510	20 935	17 355
Net credit losses	118 372	181 285	118 368	180 919
loans and receivables written off (refer				
note 23)	35 170	94 303	35 169	93 951
legal and other expenses incurred on				
recovery (refer note 23)	4 079	3 398	4 074	3 378
impairments (released) / created (refer note				
23)	79 123	83 584	79 125	83 590
Credit losses - rent debtors	14 614	6 338	6 820	4 673
Movement on post-retirement benefits	(8 079)	(7 388)	(8 079)	(7 388)
	50 042	168 267	63 371	144 082

31.2 Adjustment for net interest income per income statement

	(247 518)	(298 899)	(250 839)	(303 845)
Add back interest expenses (refer note 20)	89 230	117 205	89 230	117 127
Deduct interest income (refer note 20)	(336 748)	(416 104)	(340 069)	(420 972)

31.3 Adjustment for net interest received in cash

	127 709	240 446	127 699	240 524
Interest expense paid in cash	(84 223)	(117 204)	(84 233)	(117 126)
Interest income received in cash	211 932	357 650	211 932	357 650



her movements in assets and lia visions rease / (increase) in assets held for resale rease / (increase)in accounts receivable rease / (increase) in accounts payable	2021 R000 bilities (4 839) (10 882) 1 937 (3 779) (17 563)	2020 R000 (5 598) (910) 7 813 2 994	2021 R000 (4 558) 4 185 894	2020 R000 (4 275) (910) 9 037
visions rease / (increase) in assets held for resale rease / (increase)in accounts receivable	(4 839) (10 882) 1 937 (3 779)	(910) 7 813	4 185	(910)
rease / (increase) in assets held for resale rease / (increase)in accounts receivable	(10 882) 1 937 (3 779)	(910) 7 813	4 185	(910)
rease / (increase)in accounts receivable	1 937 (3 779)	7 813		
	(3 779)		894	g n37
rease / (increase) in accounts payable	. ,	2 994		3 001
	(17 563)		(9 360)	(4 053)
		4 299	(8 839)	(201)
xation paid				
ation (liability) / asset - beginning of year	47 730	(4 060)	46 709	(3 926)
		1		(8 195)
erred tax	(2 975)	(44 999)	(9 211)	(37 972)
d by associated companies	4 814	3 286	-	-
ation liability / (asset) - end of year	13 209	(47 730)	15 014	(46 709)
ation paid during the year	21 114	(117 704)	34 894	(96 802)
vidends paid				
dends payable - beginning of year	(2 415)	(1 925)	(2 415)	(1 925)
dends declared	(2 110)	1	-	(39 790)
dends payable - end of year	2 320	2 415	2 320	2 415
dends paid during the year	(95)	(39 300)	(95)	(39 300)
	I by associated companies ation liability / (asset) - end of year ation paid during the year vidends paid dends payable - beginning of year dends declared dends payable - end of year	provision for the year erred tax d by associated companies ation liability / (asset) - end of year ation paid during the year 21 114 vidends payable - beginning of year dends payable - end of year dends payable - end of year 2 320 dends paid during the year (2 415) (95)	provision for the year (41 664) (24 201) erred tax (2 975) (44 999) d by associated companies 4 814 3 286 ation liability / (asset) - end of year 13 209 (47 730) ation paid during the year 21 114 (117 704) widends payable - beginning of year (2 415) (1 925) dends payable - end of year 2 320 2 415 dends paid during the year (95) (39 300)	provision for the year (41 664) (24 201) (17 618) (2975) (44 999) (9 211) (17 618) (19 25) (44 999) (9 211) (17 618) (19 25) (19 25) (29 15) (19 25) (29 15) (19 25) (29 15) (19 25) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (29 15) (

32.1 Loans to / from related parties

Loans to subsidiaries Balance - beginning of the year Amount advanced / (repaid) during the year

Balance - end of the year

Dividends received from subsidiaries

Refer Note 34 for the details of the Loans to subsidiaries

_	
473 595	549 678
(76 083)	129 782
549 678	419 896

ΩN		

2021	2020
R000	R000
11000	11000

32.2 Directors' remuneration

Payments made during the year to directors and prescribed officers are as follows:

Non-executive directors

CW Ceaser	170	21
O Kotze	263	190
M Lubbe	138	131
HN Lupuwana- Pembe	-	50
AM Mahosi	175	69
MD Matshamba	18	-
N Martin	500	336
F Meisenholl	250	262
K Molewa	-	133
H Moliea Tshivhase	175	179
D Moshapalo	275	286
R Ndlovu	-	109
SST Ngcobo	213	190
NJ Williams	336	286
T van Wyk	-	208
Total	2 513	2 450

Key management are the Prescribed Officer & the Public Officer.

Executive directors

BD Bierman (Preso	orihed Officer)	١

- Salary
- Bonuses and performance related payments*

Public Officer

RA Dolphin (Appointed 1 June 2020)

- Salary
- Bonuses and performance related payments*

S Dumeko (Resigned on 31 October 2019)

- Salary
- Bonuses and performance related payments*

Grand total

-	781
-	1 400
-	2 181
-	-
1 800	-
1 800	
1 223	2 208
3 900	3 732
5 123	5 940

^{*} The bonuses and performance related payments paid during 2021 resulted from bonuses and performance related payments earned and accrued for during 2020.



33.

	GROUP		COMPANY	
	2021 R000	2020 R000	2021 R000	2020 R000
Loans to associates				
Balance — beginning of the year	1 185 493	1 292 724	1 185 493	1 292 724
Loans advanced during the year	106 170	185 266	106 170	185 266
Loan repayments received	(151 956)	(252 060)	(151 956)	(252 060)
Loans written off	(15 438)	(40 437)	(15 438)	(40 437)
Balance — end of the year	1 124 269	1 185 493	1 124 269	1 185 493
Loans to associates consist of the following: Interest bearing loans Shareholders loans	952 488 171 781	1 019 965 165 528	952 488 171 781	1 019 965 165 528
Total loans to associates	1 124 269	1 185 493	1 124 269	1 185 493
The allowance for impairment as disclosed in not Impairment provision - beginning of the year Impairment allowance raised on new investments Impairment reversed on investments written off / repaid	te 5 as it relates to l 113 288 364 (14 500)	oans to associates 103 706 2 227 (20 220)	is as follows: 113 288 364 (14 500)	103 706 2 227 (20 220)
Increase in impairment allowance on existing investments Decrease in impairment allowance on	22 826	41 827	22 826	41 827
existing investments Decrease in impairment allowance on	(33 585)	(14 252)	(33 585)	(14 252)
existing investments	(14 252)	(23 314)	(14 252)	(23 314)
Impairment provision — end of the year	88 393	113 288	88 393	113 288

The loans provided to associates are part of the investment activities of the Group and are comprised of Interestbearing loans and Shareholders' loans. 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.

Share percentage held		Shares at cost		Loa	ns
2021	2020	2021	2020	2021	2020
%	%	R	R	R000	R000

34. Principal subsidiaries

Business Partners International (Pty) Ltd	80	80	80	80	6 545	7 866
Business Partners Properties 002 (Pty) Ltd	100	100	1 000	1 000	451 088	484 826
Business Partners Property Brokers (Pty) Ltd	100	100	100	100	(2 453)	(2 449)
Business Partners Ventures 1 (Pty) Ltd	100	100	100	100	(5 187)	(5 221)
Cussonia Trust (Pty) Ltd	100	100	3	3	(2 185)	(1 653)
Fifth Season Investments 114 (Pty) Ltd	80	80	96	96	3 802	4 970
Finance for the Third Millennium (Pty) Ltd 1	100	100	100	100	682	682
JRC Properties (Pty) Ltd	100	100	100	100	(11 409)	(9 799)
Labrihof Properties (Pty) Ltd ²	53	53	530	530	5 105	7 407
Lindros Investments (Pty) Ltd	100	100	4 000	4 000	-	=
Rainbow Place Properties 179 (Pty) Ltd ²	-	60	-	600	-	5 671
SF Coetzee Eiendomme (Pty) Ltd ²	60	60	72	72	3 441	3 441
Unitrade 106 (Pty) Ltd	100	100	100	100	(1 237)	(1 104)
Yeoman Properties 1016 (Pty) Ltd ²	80	80	80	80	-	-
K2014214395 (South Africa) (Pty) Ltd ²	73	73	730	730	9 203	11 173
Shock Proof Investments 232 (Pty) Ltd ²	80	80	800	800	1 500	4 270
Vargalor (Pty) Ltd ²	80	80	600	600	14 700	39 598

Franchize Partners (Pty) Ltd - indirectly held³

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 ⁵

Business Partners International Namibia (Pty) Ltd - indirectly held ⁴

Business Partners International Zambia Ltd - indirectly held ⁵

8 491	9 091	473 595	549 678

All holdings are in the ordinary share capital of the entity concerned.

- 1. Dormant subsidiaries.
- 2. The financial year of these subsidiaries ends in 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 Limited (1 percent shareholding) and Business Partners International (Pty) Ltd (99 percent shareholding).



35. Going Concern

The going concern status is evaluated based on the most relevant and up to date information. These factors were considered in the preparation of the annual financial statements for 31 March 2021 and incorporated in developing forward looking financial information.

The key assumptions incorporated in the assessment of financial performance over the medium term are as follows:

- The economic activity to recover with GDP growth between 3 and 4 percent over the next two years;
- A low interest rate environment with the prime interest rate to remain below 8 percent;
- High levels of credit risk and credit losses to prevail; and
- Rental income levels and occupancy rates to remain under pressure for the next 12 months.

Various factors were evaluated by the directors to assess the going concern status of the Group and Company. The solvency and liquidity of the Group and Company now and for the foreseeable future, were assessed in arriving at the conclusion that there are no known material uncertainties which will affect the Group and Company's operating ability to such an extent that a curtailment of operations will be required or that a need to liquidate will present itself.

It is the directors' opinion that the Group and Company is and will continue to be a going concern for the foreseeable future and that the going concern basis is therefore appropriate for the preparation of these annual financial statements.

36. Events subsequent to the statement of financial position date

The Trustees of the Business Partners Ltd Pension Fund ("the Pension Fund") and the Board of Directors resolved in November 2020 to settle the defined benefit pension liability and the post-retirement medical aid subsidy liability. This resolution complies with the Pension Funds Act of 1956 (section 15E) as amended and the Rules of the Pension Fund which regulate how and for what an employer surplus can be used. The settlement of the defined benefit pension liability and the post-retirement medical aid subsidy liability is expected to take place from June 2021.

NOTES



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