

# ANNEXURE A PROPERTY ENTITY INVESTORS REPORT



# PROPERTY ENTITY INVESTORS REPORT

## Objectives, investment policy and main strategy

Heartwood Properties develops high quality sustainable buildings underpinned by solid property fundamentals to achieve superior long term returns for our shareholders.

Heartwood Properties has defined its strategy and business model to:



Focus exclusively on the office, retail and industrial sectors



Build sustainable buildings of excellent quality with clear tenant exit strategies



Sell assets after 3-5 years and reinvest or distribute profits to shareholders

Refer Note 12 of the financial statements for details on assets currently held for sale.

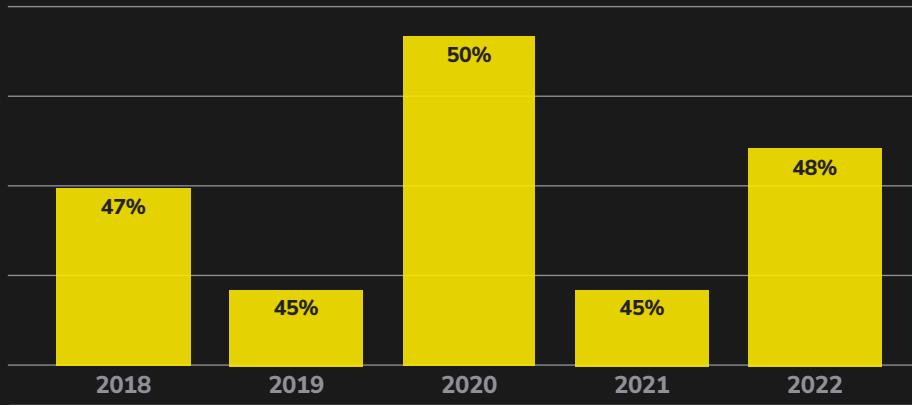


Embark on joint venture developments with tenants and land owners

# KEY PERFORMANCE METRICS

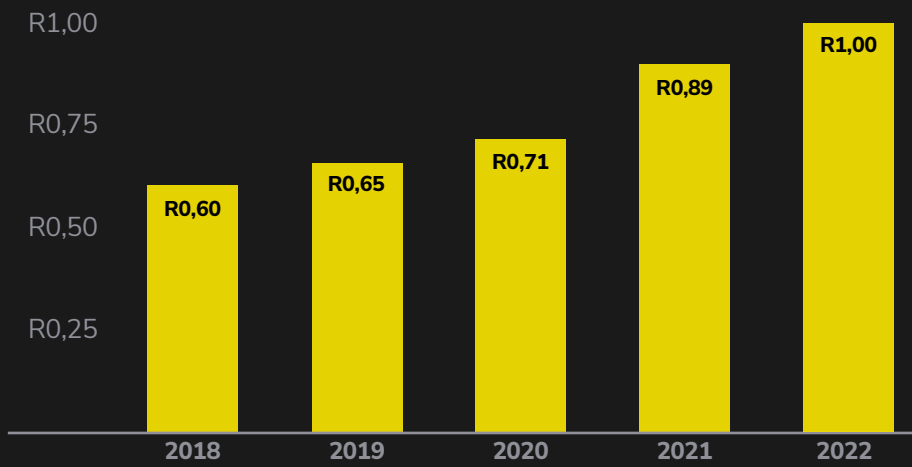


## LOAN TO VALUE RATIO

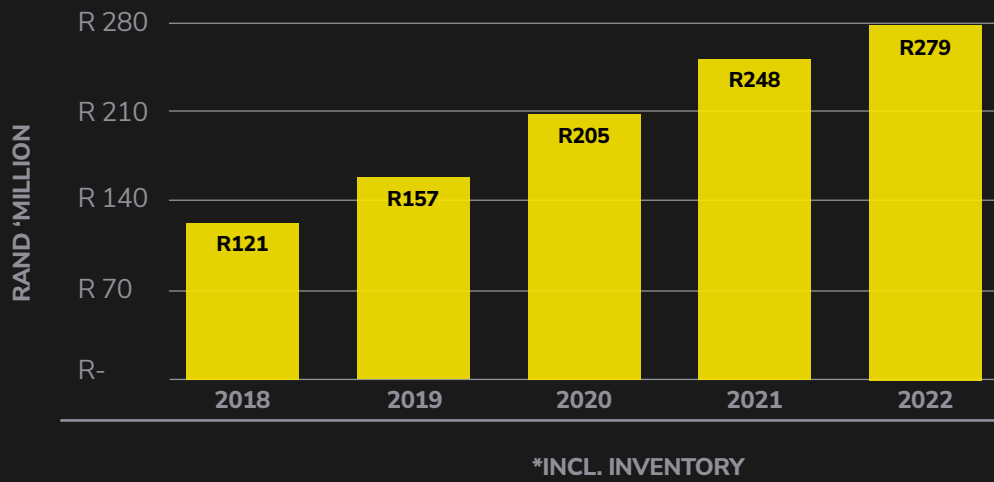


The loan to value ratio is calculated by dividing the total borrowings by the fair value of the portfolio.

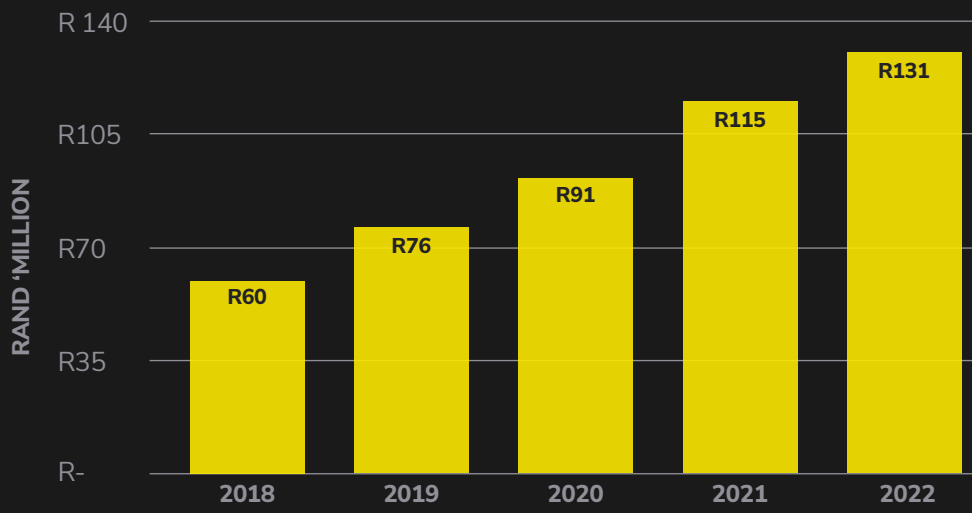
## NET ASSET VALUE PER SHARE



## PORTFOLIO VALUE



## NET ASSET VALUE



# DETAILS AND EXPERIENCE OF THE DIRECTORS



# OUR TEAM

## JOHN WHALL

### CHIEF EXECUTIVE OFFICER

John has a BSc Civil Engineering degree from the University of Cape Town and is a qualified Chartered Accountant.

John was the Financial Director of Group Five Construction for a number of years, before moving into the Property Development Division. He has twenty one years of property development experience – at Group Five and then in his own business working with Montagu Property Group and other partners.



## KOBA DUMAS

### CHIEF FINANCIAL OFFICER

Koba has a BCom honours degree in Accounting from Stellenbosch University and qualified as a Chartered Accountant in 2003.

Koba spent her early audit career at the BDO Group, both in Cape Town and San Francisco. She later joined Business Partners as a Portfolio Manager, with clients in the commercial property, manufacturing and retail sectors.



## ANDREW UTTERSON

### EXECUTIVE DIRECTOR

Andrew formed The Business Centre Group in 2005 as one of three founding shareholder members.

He was responsible for developing and implementing the group's growth strategy and is a self-confessed lover of contemporary architecture and beautiful design.



## JULIAN SCHER

### CHAIRMAN, INDEPENDENT NON-EXECUTIVE DIRECTOR

Julian graduated with a BCom LLB from the University of the Witwatersrand, Johannesburg, and is the founding partner and senior director of Strauss Scher Attorneys.

Founded in 1994, Strauss Scher Attorneys is a boutique legal practice, specialising in all aspects of real estate, with a particular focus on property development.



## MARTIN EVANS

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Martin has a BSc Town & Regional Planning degree from the University of the Witwatersrand, Johannesburg, as well as an MBA degree.

Martin has been involved in the property industry for over 30 years. Martin worked for a leading developer prior to forming his own company, Brydens Property Group, with a partner. Together they have built numerous A grade commercial developments in Gauteng.



## PETER GENT

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Peter holds a BSc Mining Engineering degree from the University of the Witwatersrand, Johannesburg, and an MBA degree from the University of Michigan (USA).

Peter is currently an independent management consultant. Prior to becoming an independent consultant, he was the Chief Operating Officer and a member of the Management Board of Rand Merchant Bank for 7 years. Peter was also a director for First National Bank (Corporate and Investment Banking Group). He is currently a director of FNB Zambia.



## BERNARD SEEFF

INDEPENDENT  
NON-EXECUTIVE DIRECTOR

Bernard holds a Master's degree in Industrial Engineering, a Higher Diploma in Computer Science from the University of the Witwatersrand, Johannesburg, as well as an MBA degree from the University of California in Los Angeles.

Bernard has served as director on numerous company boards, specialising in property ownership and management. Bernard is a member of the World Presidents' Organization (WPO), a global leadership organisation of more than 8,000 business leaders.



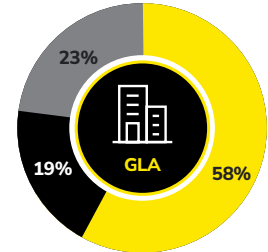


# HEARTWOOD PROPERTIES

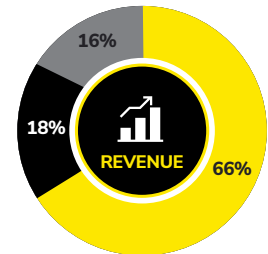


# HEARTWOOD PROPERTIES AT A GLANCE

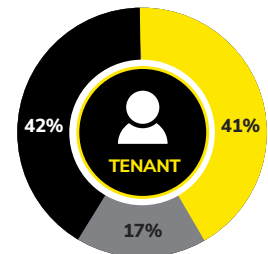
<b>NUMBER OF PROPERTIES</b>	8
<b>PORTFOLIO VALUE</b>	R279 million
<b>WEIGHTED AVERAGE LEASE EXPIRY ("WALE")</b>	5.12 years
<b>AVERAGE PROPERTY VALUATION PER M<sup>2</sup></b>	Office: R23 698 m <sup>2</sup> Retail: R19 602 m <sup>2</sup> Industrial: R10 588 m <sup>2</sup>
<b>AVERAGE ESCALATIONS</b>	7.53%
<b>GROSS AVERAGE YIELD</b>	10%
<b>CURRENT OCCUPANCY RATE (MAY 2022)</b>	100%
<b>RENTABLE AREA ("GLA")</b>	13 974
<b>AVERAGE RENTAL RATE PER SQUARE METRE</b>	R143.95



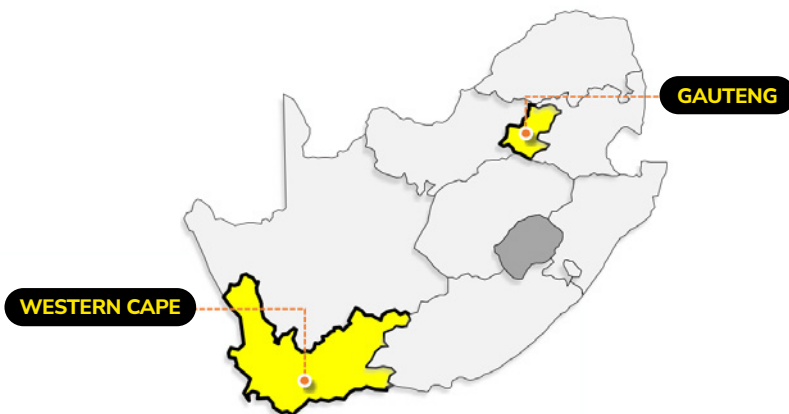
OFFICE INDUSTRIAL RETAIL



OFFICE INDUSTRIAL RETAIL



LARGE MEDIUM SMALL



## MARKET OUTLOOK

The market outlook for the Heartwood Properties Group is looking positive with a robust development pipeline. In line with the Company's strategy and to take advantage of the robust development pipeline, the Company may consider raising capital in future, subject to market conditions. For commentary on the effect of COVID-19 and the anticipated impact going forward please refer to Note 36 of the annual financial statements for the period ended 28 February 2022.

## DISTRIBUTION POLICY

The company's dividend policy is to consider an interim and a final dividend in respect of each financial year. At its discretion, the board may consider a special dividend, where appropriate. Depending on the perceived need to retain funds for expansion or operating purposes, the board may pass on the payment of dividends. The board recommends the approval of a final dividend of R2,000,000 for the year ended 28 February 2022 (2021: Rnil).



BUILDING	MARKET VALUE AS AT 28 FEB 2022 *NOTE 1	LOCATION	SECTOR	CONSTRUCTION COMPLETION DATE	GLA	TENANT PROFILE	VACANCY	YIELD	ESCALATION	MAJOR TENANT	LOAN TO VALUE RATIO	WALE
<b>Office</b>												
Willow Wood Office Park Block A	R71 500 000	Fourways, Gauteng	Office	Dec 2012	3 194	A	0%	7%	6%	Spaces	46%	5,25
Willow Wood Office Park Block B	R16 100 000	Fourways, Gauteng	Office	Sept 2017	719	C	0%	6%	8%	Multi Tenanted	46%	1,33
Willow Wood Office Park Block C	R22 900 000	Fourways, Gauteng	Office	Dec 2013	1 023	B	0%	11%	8%	Econet	46%	0,58
Willow Wood Office Park Block D	R42 600 000	Fourways, Gauteng	Office	Mar 2019	1 631	B and C	0%	11%	8%	Multi Tenanted	46%	1,05
Erf 20, Lyme Park	R40 100 000	Bryanston, Gauteng	Office	Mar 2020	1 621	B	0%	11%	8%	Multi Tenanted	53%	3,19
<b>Retail</b>												
Erf 20774, Somerset West	R51 200 000	Somerset West, Western Cape	Retail	August 2021	2 612	A	0%	13%	8%	Buildit	50%	9,58
<b>Industrial</b>												
Erf661, Lanseria	R17 400 000	Lanseria, Gauteng	Industrial	Sept 2015	1 738	C	0%	10%	8%	The Media Connection	56%	6,67
Erf 643, Lanseria	R16 100 000	Lanseria, Gauteng	Industrial	Nov 2018	1 436	C	0%	12%	8%	D4 Technologies	54%	6,67

**Note 1** – All the Group's properties are revalued annually by independent valuers. Refer Note 4 - Investment Property in the Financial Statements for details on valuation methodology and assumptions. Physical inspections were performed during February 2022. The Company is not aware of any town planning restrictions or qualifications in respect of the valuations, nor of any statutory contraventions or options over the properties.

**Note 2** - Tenant Profile definitions:

- A. Large national tenants, large listed tenants, government and major franchisees. "Large" refers to top tier nationals and listed tenants. "Major" refers to top tier franchisees recognised as industry leaders (2 tenants)
- B. Medium national tenants, listed tenants, franchisees, medium to large professional firms. "Medium" refers to industry leaders in their respective fields (law, accounting and advertising) (4 tenants).
- C. Small and medium-sized tenants, non-listed tenants and privately held small to medium-sized businesses (11 tenants).

**Note 3** - Refer Note 16 of the financial statements for details on all outstanding debt.



# TIMELINE





## APRIL 2011

Incorporation of private development company



## DECEMBER 2012

Completion of Willow Wood Office Park Block A for the Business Centre



## DECEMBER 2013

Completion of Willow Wood Office Park Block C for Cronimet SA



## SEPTEMBER 2015

Completion of Warehouse and office for The Media Connection in Lanseria Corporate Estate





## SEPTEMBER 2017

Completion of Willow Wood Office Park Block B



## MARCH 2018

Heartwood Properties Limited listed on the Cape Town Stock Exchange (formerly 4AX)



## NOVEMBER 2018

Completion of warehouse and office for D4 Electrical in Lanseria Corporate Estate



## MARCH 2019

Completion of Willow Wood Office Park Block D with Genesys as the anchor tenant





## OCTOBER 2019

Investment into Blythswood Quarter development in Glasgow, UK



## MARCH 2020

Completion of Soleil multi tenanted Office in Bryanston



## SEPTEMBER 2021

Completion of BuildIt retail warehouse in Somerset West



## HEARTWOOD PROPERTIES LIMITED

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Incorporated in the Republic of South Africa

Registration Number: 2017/654253/06

ISIN: ZAE400000044

CTSE Share Code: 4AHWP

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COMPANY SECRETARY:

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heartwood<sup>®</sup>  
PROPERTIES