AREIT PROP LIMITED
Approved as a REIT
(Incorporated in the Republic of South Africa)
(Registration number 2021/837953/06)
("aReit Prop" or "the Company")
ISIN Code: ZAE000306585 | JSE Code: APO

CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

Shareholders are advised that the Company was newly incorporated on 9 September 2021 ahead of the listing and did not trade from incorporation up to the year end. The only transaction was the acquisition of the leasehold properties with effect from 31 December 2021. Accordingly, no Statement of Cash Flows has been presented. The results are presented below:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2021 Audited R'000
ASSETS	
Non-current assets	
Property, plant and equipment	913 918 000
Total Non-current assets	**913 918 000**
Current assets	
Trade and other receivables	100
Total Current Assets	**100**
TOTAL ASSETS	**913 918 100**
EQUITY AND LIABILITIES	
Equity	
Share capital and premium	917 000 100
Accumulated Loss	(3 082 000)
Total Shareholders' Equity	**913 918 100**
Total liabilities	**0**
TOTAL EQUITY AND LIABILITIES	**913 918 100**
Number of ordinary shares in issue (net of treasury shares) ('000)	**100 000 000**
Net Asset Value per share(cents)	**913.9**
Net Tangible Asset Value per share (cents)	**913.9**

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4 months ended 31 December 2021 Audited R'000
Rental income	-
Other income	-
Operating expenses	(3 082 000)
Operating loss before taxation	(3 082 000)
Taxation	-
Net loss	(3 082 000)
Other comprehensive income	-
Total comprehensive loss	(3 082 000)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital R	Accumulated Loss R	Total shareholders' equity R
Balance at 9 September 2021	**-**	**-**	**-**
Loss for the period	-	(3 082 000)	(3 082 000)
Share capital issued	917 000 100	-	917 000 100
Balance at 31 December 2021	**917 000 100**	**(3 082 000)**	**913 918 100**

COMMENTARY:

Basis of Preparation
The consolidated financial statements are prepared ahead of the listing of the Company on the Main Board and thus have been prepared mostly in accordance with the requirements of the JSE Limited ("JSE") Listings Requirements for provisional reports (where appropriate) and the requirements of the Companies Act of South Africa. The Listings Requirements require provisional reports to be prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of the consolidated financial statements are in terms of IFRS and are consistent with those applied in the on-incorporation financial statements presented in Annexure 3 of the Prospectus issued by the Company on 11 January 2022.

The consolidated financial results are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS. The Board has performed an assessment of the Group's operations relative to available cash resources and is confident that the Group is able to continue operating for the next 12 months.

These consolidated financial results incorporate the financial results of the company and its subsidiary. All significant transactions and balances between Group enterprises are eliminated on consolidation.

The preparation of the condensed consolidated financial results for the year ended 31 December 2021 was supervised by the Financial Director, Mr Abdul Ismail.

The directors take full responsibility for the preparation of the consolidated financial results for the period ended 31 December 2021.

Audit Opinion
The consolidated financial results of the Group have been reviewed by Mazar's. The auditors' unmodified report is available for inspection at the company's registered office. The audit opinion is unmodified and is set out below:

"Based on our audit, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of aReit Prop Limited and its subsidiary for the period ended 31 December 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in the basis of preparation of the consolidated financial statements, and the requirements of the Companies Act of South Africa."

The Auditor's Report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the Auditor's engagement, they should obtain a copy of the Auditor's Report together with the accompanying financial information from the company's registered office.

Results
The results for the year ended 31 December 2021 are the first set of group results from date of incorporation and have been approved by the Board and its shareholders immediately preceding the listing. The group results are similar to the pro forma financial effects

The investment properties comprise of three properties held by way of leasehold for 40 years, which has been independently valued ahead of the intended listing as a Real Estate Investment Trust ("REIT") on the Main Board of the JSE. The purchase consideration was settled through the issue of new shares by aReit Prop. The leasehold properties were acquired with effect from 31 December 2021 from the Vendors, who were the 100% shareholders of aReit Prop at 31 December 2021 and immediately prior to listing.

The costs of the listing were borne by the shareholders but in accordance with IFRS, the impact thereof has been reflected as a cost in the Statement of Comprehensive Income or as a deduction against Share Capital. Further details can be found in the Prospectus issued by the Company on 11 January 2022, which can be found on the Company's website at www.areitprop.co.za.

Related party transactions and balances
The Group acquired the leasehold properties as presented above from the shareholders, also represented on the Board, being related parties as part of the formation of the group ahead of listing, and as detailed in the prospectus.

Board composition
The Board comprised the following directors at 31 December 2021:

Director	Position
Mr Jacques Osse	Non-executive chairman
Ms Manja Jaspers	Chief Executive Officer
Mr Abdul Ismail	Financial Director
Mr Theo Nel	Independent Non-Executive Director
Ms Fatima Noordien	Independent Non-Executive Director
Mr Stuart Chase	Independent Non-Executive Director

Mr Theo Nel has resigned as a director on 28 February 2022 and the Company will appoint a new independent non-executive director in due course.

Dividends
No dividend has been declared for the period ended 31 December 2021. Shareholders are advised that the Company will commence with payment of dividends during the current year.

The board of aReit Prop is confident that it will deliver good growth to investors off a solid and secure base. It intends distributing dividends at least every 6 months to its investors. However, the Board will consider the payment of dividends on a quarterly basis and a distribution of up to 100% of distributable income for the foreseeable future. The Company has not determined any fixed dates on which dividends or entitlement to dividends arises.

Profit forecast
The profit forecast of aReit Prop for the year ending 31 December 2022 has been extracted from Annexure 8 the Prospectus, and was prepared for illustrative purposes only, to provide information on what the directors believe will be the results of aReit Prop Limited for the year ending 31 December 2022. The nature of the profit forecast may not fairly present aReit Prop's financial position, changes in equity, and results of operations or cash flow information.

Figures in Rand	**31 December 2022**
Revenue	
Rental Income	**39 960 000**
Revenue straight-line adjustment	25 493 085
Total revenue	**65 453 085**
Other operating expenses	(2 552 000)
Operating expenses	(2 552 000)
Operating profit	**62 901 085**
Finance costs	(-)
Profit for the year	**62 901 085**
Dividend distribution (minimum)	(28 056 000)
Transfer to retained income for the year	**34 845 085**

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

Figures in Rand	**28 December 2022**
Profit for the year	**62 901 085**
Revenue straight-line adjustment	(25 493 085)
Distributable Profit	**37 408 000**
Percentage distribution (minimum)	75%
Expected minimum dividend distribution	**28 056 000**

The distributable profit above is based on contracted revenue only.

The per share information is set out below:

Figures in Rand	**31 December 2022**
Earnings per share (cents)	62.9
Headline earnings per share (cents)	62.9
Distribution per share (minimum based on 75%) (cents)	28.0
Net asset value per share (cents)	913.9
Number of shares in issue	100 000 000

Prospects

aReit Prop's business strategy is to invest in yield-enhancing assets and areas that offer consistent, long-term rental growth. The asset and property management function are carried out internally by aReit Prop's experienced management team with a view to extracting maximum value from each property. Whilst the current properties are leasehold properties and are ungeared, the Company does envisage acquiring freehold properties and gearing same, at appropriate levels, within the requirements for a REIT. There is no intention to gear the existing leasehold properties.

With a secure rental income, strong balance sheet and no gearing, aReit Prop has a solid base that will provide the ability to invest in various real estate sectors both locally and internationally through further leasehold and freehold property acquisitions, utilising both debt and equity associated with such acquisitions. The group expects that it will be able to add significantly to its property portfolio on a yield-enhancing basis for its investors over time.

Annual General Meeting

The audited Financial Statements were approved by shareholders on 28 February 2022 prior to the listing and change in shareholding.

BY ORDER OF THE BOARD
Cape Town
1 March 2022

Sponsor

AcaciaCap
ADVISORS