



AfroCentric
GROUP



ADDITIONAL INFORMATION

as at 31 December 2020

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at 31 December 2020

FAIR VALUE DISCLOSURE

Fair value hierarchy

The following hierarchy is used to classify financial and non-financial instruments for fair value measurement purposes:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within level that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. The significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The following table presents the groups assets and liabilities that are measured at fair value:

	Group			Company		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
December 2020						
Unlisted investment	–	–	21 879	–	–	–
Investment Property	–	–	15 418	–	–	–
	–	–	37 297	–	–	–
December 2019						
Investment Property	–	–	15 418	–	–	–
	–	–	15 418	–	–	–

Specific valuation techniques used to value financial and non-financial instruments include:

- the fair value of the unlisted investment is based on the price per share
- the fair value of the remaining financial instruments is determined using the net asset value attributable to the investment
- The fair value of the investment property is determined by using the comparable sales method

The assets disclosed above that have been classified as a Level 3 financial and non- financial instruments i.e. the inputs are not based on observable market data. The carrying amount of all assets in the table above approximates the fair value of the assets.

Group fair value measurements using significant unobservable inputs (Level 3):

	Unlisted investment R'000	Investment Property R'000
Opening balance	–	15 418
Additions	21 879	–
Impairments	–	–
Disposal	–	–
Closing balance	21 879	15 418

Valuation inputs and relationships to fair value

Investment property

The fair value of the investment property is derived by an external property valuer using the comparable sales method. In applying this approach the valuer has selected other properties that have similar risk, growth and cash-generating profiles. Management reviews the valuation performed by the external valuer and is satisfied that the inputs used by the external property valuer are reasonable. The investment property is valued on an annual basis.

Investment in an unlisted entity

The fair value of the investment in the unlisted venture capital entity is derived using their price per share. Management is satisfied that valuation of the investment represents an amount equal to the fair value.

Investment in a cell captive

The fair value of the investment is determined based on a valuation of the net asset value attributable to the investment. Management is satisfied that the valuation of the investment represents an amount equal to the fair value.

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 31 December 2020	Unobservable inputs	Input value used	Sensitivity of unobservable inputs on profit and loss
Investment Property	15 418	Price per block building rights per square metre	R1 542 per square metre	<p>If the fair value per square metre increased by 10% then the value of the property would increase by R1 541 790 in profit or loss.</p> <p>If the fair value per square metre decreased by 10% then the value of the property would decrease by R1 541 790 in profit or loss.</p>
Unlisted investment	4 210	Price per share	R1.00 per share	<p>If the fair value per share increased by 10% then the value of the shares would increase by R421 000 in profit or loss.</p> <p>If the fair value per share decreased by 10% then the value of the share would decrease by R421 000 in profit or loss.</p>
Unlisted Investment-Cell Captive: Guardrisk	17 669	Net asset value	Net asset value	The fair value is based on the valuation of the net asset value attributable to the investment. Therefore a sensitivity is not required.

Valuation process

The finance department of the group performs the valuations of the investments for financial reporting purposes, including level 3 fair values (excluding the investment property). The team reports directly to the Chief Financial Officer ("CFO"). Discussions of the valuation processes and results are held between the CFO and the Group Finance at year end to determine the fair value of investments unless there is an indication of impairment which will result in a write off of the investment in that point in time.