

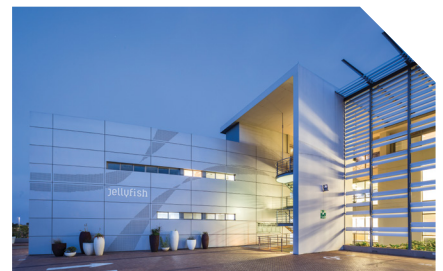
Unaudited condensed consolidated interim financial statements of the Tradehold Group for the six months to 31 August 2022 and cash dividend declaration



Trident Steel, Roodekop



Sasol Gas, Germiston



One Richefond Circle, Umhlanga, Durban

Key information

- **Tradehold sells UK assets**
- **Pays special dividend R4.34 a share**
- **Interim dividend: 30 cents per ordinary share declared (24 May 2022: final dividend 30 cents)**
- **Company to be turned into a REIT**

On 23 May 2022, Tradehold announced the disposal of all its property assets and operations in the United Kingdom as part of a far-reaching restructuring of the business. These assets comprise the total investment in the Moorgarth property group (which includes a 90% stake in Boutique, a provider of flexible office accommodation in London, Oxford and Birmingham).

These interests were sold for a sum of £102.5 million to a British company that is owned by some of Tradehold's directors, including its main shareholders. The independent expert accredited by the JSE has expressed an opinion that the terms of the disposal are fair to shareholders. The sale was approved by shareholders on 30 August 2022, shortly before the end of the reporting period, and the disposal transaction completed on 17 November 2022.

Tradehold has utilised the disposal consideration (net of taxes and transaction costs) to fully redeem its listed 'B' preference shares held by Rand Merchant Bank, a division of First Rand Bank Limited, and distributed the balance to shareholders as part of a special dividend of R4.34 per share on 21 November 2022.

It is against this background that the results of Moorgarth are disclosed as a discontinued operation at the reporting date. Consequently, Tradehold's comparative Statements of Comprehensive Income have been restated accordingly.

Tradehold's remaining assets now comprise a 74.3% holding in the Collins property group and full ownership of both the Nguni group (Namibia portfolio) and the Tradehold Africa group. The net assets of Moorgarth were revalued to fair value, considered to be the disposal sale value less costs to sell at the reporting date, and disclosed as held for sale.

Financial performance

The group reported a net loss of £41.5 million, compared to the corresponding interim period profit of £4.88 million. The loss is due to the fair valuation of the Moorgarth net assets to their disposal value, which has resulted in an impairment loss of £44.5 million disclosed under Loss from operations held for sale.

Total assets now amount to £806.5 million (28 February 2022: £830.4 million), which includes Moorgarth assets of £206.7 million (28 February 2022: £254.2 million).

Headline earnings per share was 6.7 pence, compared to earnings of 2.6 pence per share for the corresponding interim period, and tangible net asset value per share (as defined by management) was 92 pence/R18.25, compared to 101.3 pence/R20.96 at 28 February 2022.

Operational performance

- The Collins Group collected 97.6% of all income due.
- Of the gross lettable area of 1.5 million square metres in its portfolio, just 1.7% remained vacant.
- Collins reported a profit before minorities of R156 million compared to R140 million for the corresponding period in 2021.

Collins Group

The group continued growing and diversifying its property portfolio of which 75% comprises industrial space and distribution centres leased on long-term contracts to large, mainly listed companies. This places it in a strong position to counter market volatility. The balance of the portfolio consists of convenience retail (20%) and office accommodation (5%). At the reporting date the weighted average lease expiry date (WALE) was 5.5 years.

Vacant space was reduced from 2.5% to 1.7% at the end of the 2022 financial year. During the reporting period, eight relatively small industrial properties spread throughout South Africa were sold to enhance the portfolio's focus.

The total value of its portfolio has increased to £490 million (R9 720 million) from £463 million (R9 584 million) six months ago.

Several of the group's properties near Durban suffered considerable damage in the devastating floods that hit KwaZulu-Natal in April this year. Insurance claims for damage to six of these amounts to R279 million excluding VAT. Repair work is ongoing and, although the disruption was significant, all the affected tenants are back and operating.

The group was fully covered by insurance in respect of all the damage suffered. This insurance cover was renewed for another year, although premiums have increased by 29%. Collins remains pro-active in improving and maintaining its property risk management systems.

Collins has also begun spreading its geographic footprint within South Africa. Whereas in the past its portfolio was predominantly based in KwaZulu-Natal and Gauteng, it is now increasingly acquiring and developing mainly convenience retail properties in the Western Cape.

Once these new developments in the Western Cape have been completed, they will account for 16% of the value of the total portfolio, compared with the current 6%.

The company is also increasingly looking to Europe for future expansion. It already owns a cluster of buildings in Austria. These are virtually all leased on long-term contracts to OBI, Europe's third-largest DIY retailer. Management is undertaking a due diligence on a portfolio of properties in the Netherlands as well as forging a partnership with a Dutch group with a view to growing a European-based property fund. Its medium-term objective is to have 15% of the portfolio outside Southern Africa.

In the six months Collins contributed £4.2 million (31 August 2021: £4.5 million) to the group's net profit after minorities.

Moorgarth and Boutique

The sale of Tradehold's UK interests was completed on 17 November 2022, therefore after the reporting date.

The associated assets and liabilities of the Moorgarth Property Group have consequently been disclosed as held for sale at the reporting date, after being revalued to fair value which is considered to be the disposal sale value less costs to sell. The revaluation to fair value has resulted in a fair value loss of £44.5 million.

Moorgarth's net loss before minorities, which includes the fair value loss on revaluation of its net assets to sale value less costs to sell, has been reported as a loss from a discontinued operation held for sale, with the corresponding statements of comprehensive income at 31 August 2021 and 28 February 2022 restated accordingly.

Moorgarth's net loss before minorities and attributable group finance costs amounted to a loss of £46.2 million, against a profit of £925 000 for the 2021 corresponding six-month period.

Operational performance (continued)

Nguni Group (Namibia)

The Namibian portfolio comprises mainly retail and office accommodation, with the major properties located in the capital, Windhoek. It is about to start the construction of two office towers on vacant land in the inner city, one of which has already been sold.

The value of the Namibian portfolio was £36.3 million (N\$720 million) at the reporting date, up from the February 2022 year end value of £34.8 million (N\$720 million). This was largely the result of positive moves in the N\$ to pound sterling exchange rates.

It reported a net profit after minorities but before group interest, of £703 000 (31 August 2021: £1 million).

Tradehold Africa Group (Mozambique and Zambia)

The value of the portfolio, which comprises a very small number of properties, increased to £25.8 million from £22 million at the end of February 2022. This was due to investment property fair-value gains and favourable currency movements of the USD against pound sterling. The company contributed a net profit of £2 million to the total group profit, compared to a net profit before group interest of £109 000 for the previous corresponding period.

All the properties in the portfolio have been up for sale for a while. A buyer who had paid a non-refundable \$1.3 million deposit, is at present negotiating to buy the properties in Zambia for an additional \$2 million.

Ordinary share cash dividend

The board of directors of Tradehold (the "Board") resolved to declare a gross cash dividend of 30 cents per ordinary share on 22 November 2022 – Tradehold's third interim dividend to date. The income used for this purpose is Tradehold's share of the dividend Collins group declares every six months in terms of the agreement with its minority shareholders. The dividend will reduce Tradehold's stated capital.

The distribution constitutes a foreign dividend as defined in section 1 of the Income Tax Act ("ITA") and is a dividend for purposes of dividends tax ("DT"), since the shares are listed on the JSE Limited ("JSE").

An exemption from DT is provided for in the ITA in respect of foreign dividends paid to a South African company and to a non-resident to the extent that it is paid in respect of listed shares, provided certain administrative procedures are complied with.

The ITA further provides for an exemption from income tax in respect of foreign dividends received or accrued in respect of listed shares.

In terms of the ITA, DT of 20% has been withheld in the case of those shareholders who are not exempt from it. They will therefore receive a net dividend of 24 cents per ordinary share.

Tradehold has 261 346 570 ordinary shares in issue. Its South African income tax reference number is 9725/126/71/9.

The salient dates for the dividend are as follows:

Declaration date	Tuesday, 22 November 2022
Last date to trade cum dividend	Tuesday, 6 December 2022
Date trading commences ex dividend	Wednesday, 7 December 2022
Record date	Friday, 9 December 2022
Date of payment to shareholders	Monday, 12 December 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 7 December 2022, and Friday, 9 December 2022, both days included.

Going concern

The group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 28 February 2024. After servicing all interest and amortisation on borrowings, the forecasts show sufficient cash levels as a buffer against unforeseen events.

Debt covenants are compliant throughout the group at the reporting date, with the exception of the RMB 'B' listed preference shares debt (£56 million) and Moorgarth's HSBC facility of Boutique (£4.9 million). No going concern risk arises from these exceptions, as the disposal of Moorgarth was finalised on 17 November 2022, and the B listed preference shares were redeemed in full to RMB on 18 November 2022.

The group has strong operational and financial capacity to continue operations throughout the going concern period and beyond. The directors therefore consider the going concern assumption to be appropriate in the presentation of the interim financial results at 31 August 2022.

Outlook

Given prevailing economic uncertainties, exacerbated by recent inflation and interest rate hikes, Collins will not in the short- to medium-term be pursuing a strong growth path. The intention is to work towards ensuring a strong balance sheet for facing the challenges that lie ahead.

The Board is confident all legal procedures necessitated by the restructuring of the group following the sale of its UK operations, will be completed by the end of February 2023 also being the end of Tradehold's financial year.

As part of the restructuring, Tradehold will be converted to an industrial/logistics-focussed real estate investment trust (REIT) under the name Collins and remain listed on the Johannesburg Stock Exchange (JSE). In future the company will no longer report its results in pound sterling, but in ZAR.

The Board believes converting the business to an industrial/logistics-focussed REIT will enhance its investment potential, in contrast to the years when shares traded at well below NAV.

Policy adoption for trading statements

The Group has adopted net asset value per share as the measure for trading statements with effect from the 28 February 2017 financial year-end.

Preparation of financial results

The preparation of the financial results was supervised by the group financial director, Karen Nordier B Acc, B Acc Hons, CA (SA). The condensed consolidated interim results for the six months ended 31 August 2022 have not been audited or independently reviewed by the group's external auditors, PricewaterhouseCoopers Inc.

Reporting currency

To date, the group has reported its results in pound sterling. Following the sale of the United Kingdom operations on 17 November 2022, the operations of the majority of Tradehold's subsidiaries will henceforth be conducted in South African Rand. Consequently, Tradehold has resolved to adopt South African Rand as the presentation currency for its future group financial reporting.

C H WIESE
CHAIRMAN

K L NORDIER
DIRECTOR

22 November 2022

Statement of comprehensive income

£'000	Unaudited 6 months to 31/08/22	Restated* Unaudited 6 months to 31/08/21	Restated* Audited 12 months to 28/02/22
Revenue	28 846	28 392	55 123
Other operating income	585	1 864	2 383
Profit on disposal of investment properties	104	224	1 640
Net (loss)/gain from fair value adjustment on investment property	(671)	(1 136)	17 086
Gain on disposal and scrapping of PPE (excluding buildings)			1
Impairment gains on financial assets	130	304	130
Employee benefit expenses	(1 567)	(1 433)	(2 220)
Lease expenses	(15)	(15)	(28)
Depreciation, impairment and amortisation	(215)	(216)	(426)
Other operating costs	(2 396)	(5 512)	(9 551)
Trading profit	24 801	22 472	64 138
Gain on disposal of financial assets	8		24
Net fair value losses on financial assets at fair value through profit or loss	(573)	—	(2 048)
Operating profit	24 236	22 472	62 114
Finance income	1 589	1 428	3 422
Finance cost	(14 382)	(14 340)	(28 433)
Loss from associated companies	—	100	
Profit before taxation	11 443	9 660	37 103
Taxation	(4 405)	(3 656)	(11 139)
Profit for the period from continuing operations before non-controlling interest	7 038	6 004	25 964
(Loss)/profit from operations held for sale before non-controlling interest	(46 200)	925	3 812
(Loss)/profit for the period before non-controlling interest	(39 162)	6 929	29 776
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Gains on cash flow hedges	469	74	435
Deferred tax on cash flow hedges	(94)		(109)
Exchange differences on translation of foreign operations	9 444	7 282	2 146
Total comprehensive (loss)/income for the period	(29 343)	14 285	32 248
(Loss)/profit attributable to:			
Owners of the parent	(41 450)	4 880	20 278
Non-controlling interest	2 288	2 049	9 498
	(39 162)	6 929	29 776
Total comprehensive (loss)/income attributable to:			
Owners of the parent	(33 596)	10 830	22 526
Non-controlling interest	4 253	3 455	9 722
	(29 343)	14 285	32 248
Total comprehensive (loss)/income attributable to owners of the parent arises from:			
Continuing operations	12 091	9 700	18 259
Discontinued operations	(45 687)	1 130	4 268
	(33 596)	10 830	22 526
(Loss)/earnings per share (pence): basic	(16.1)	1.9	7.9
Number of shares for calculation of (loss)/earnings per share ('000)	256 963	256 963	256 963
(Loss)/earnings per share (pence): diluted	(16.1)	1.9	7.9
Number of shares for calculation of diluted (loss)/earnings per share ('000)	257 616	259 919	257 267

* Comparatives have been restated for the sale of the United Kingdom operation which is disclosed as a discontinued operation as detailed in Note 2.

Statement of financial position

(£'000)	Unaudited 31/08/22	Unaudited 31/08/21	Audited 28/02/22
Non-current assets	561 027	780 179	756 659
Property, plant and equipment	2 097	8 524	7 886
Investment properties – fair value for accounting purposes	517 991	653 696	633 998
Investment property – straight lining lease income accrual	34 056	33 940	32 609
Investment properties – right-of-use assets	302	37 114	37 184
Intangible assets		8 031	8 031
Deferred taxation	4 884	6 120	7 569
Investments accounted for using the equity method			
Investment in joint venture		9 369	10 103
Investments in associates		100	
Financial assets at amortised cost:			
Loans to joint venture	786	9 839	9 979
Loans receivable	911	7 873	3 312
Other non-current assets		5 573	5 988
Current assets	37 878	44 410	56 720
Financial assets at fair value through profit and loss	60	4 492	4 514
Derivative financial instruments			88
Financial assets at amortised cost:			
Loans receivable	9 846	1 618	17 723
Loans to associates	6 597	6 058	6 009
Trade and other receivables	6 618	7 276	5 953
Other current assets	3 418	4 953	2 209
Taxation		52	
Cash and cash equivalents	11 339	19 961	20 224
Assets classified as held for sale	207 580	–	17 036
Total assets	806 485	824 589	830 415
Equity	258 663	278 456	292 114
Ordinary shareholders' equity	202 784	232 151	240 260
Non-controlling interest	55 879	46 305	51 854
Non-current liabilities	352 493	400 711	427 685
Preference share liability	55	54	52
Long-term borrowings	299 100	326 393	349 267
Lease liabilities	234	29 736	29 735
Derivative financial instruments	2 676	274	2 017
Deferred taxation	50 428	44 254	46 614
Current liabilities	90 614	145 422	110 616
Preference share liability	51 286	51 222	49 081
Short-term borrowings	19 605	51 562	23 058
Deferred revenue	471	6 615	5 685
Lease liabilities		7 310	7 383
Derivative financial instruments	4 803	5 397	6 732
Taxation	2 852	1 249	1 850
Trade and other payables	11 597	22 067	16 827
Liabilities directly associated with assets classified as held for sale	104 715	–	–
Total liabilities	547 822	546 133	538 301
Total equity and liabilities	806 485	824 589	830 415

Statement of changes in equity

(£'000)	Unaudited 6 months to 31/08/22	Unaudited 6 months to 31/08/21	Audited 12 months to 28/02/22
Balance at beginning of the period	292 114	269 760	269 760
Loss/profit for the period	(39 162)	6 928	29 776
Dividends distributed to shareholders	(3 933)	(3 974)	(7 615)
Acquisition of treasury shares		(7)	(7)
Acquisition of treasury shares		(51)	
Capital reserve (Employee Share Option Scheme)	52	106	107
Distribution to minorities	(227)	(1 662)	(2 379)
Other comprehensive income for the year	9 819	7 356	2 472
Balance at the end of the period	258 663	278 456	292 114

Statement of cash flows

(£'000)	Unaudited 6 months to 31/08/22	Restated* Unaudited 6 months to 31/08/21	Restated* Audited 12 months to 28/02/22
Cash flows from operating activities	8 357	10 929	13 574
Operating profit from continuing operations	24 236	22 472	62 114
Non-cash items	1 294	(16)	(17 078)
Changes in working capital	(246)	5 809	1 201
Cash flows of discontinued operations held for sale	1 596	3 558	5 769
Interest received	454	499	1 718
Interest paid	(13 367)	(15 225)	(26 700)
Dividends paid to ordinary shareholders	(3 933)	(3 974)	(7 615)
Dividends to non-controlling interests	(227)	(1 662)	(2 379)
Taxation paid	(1 450)	(532)	(3 457)
Cash flows utilised in investing activities	(4 729)	(3 778)	(1 095)
Acquisition of investment properties	(9 363)	(2 417)	(4 740)
Acquisition of property, plant and equipment	(19)	(61)	(119)
Cash flows of discontinued operations held for sale	4 663	(452)	(781)
Proceeds on disposal of investment properties	1 294	186	7 837
Proceeds on disposal of property, plant and equipment	4	19	70
Proceeds on disposal of investments	—	37	—
Loans repaid to joint venture	235	—	—
Loans advanced to associate undertaking	(339)	37	(282)
Loans repaid by associate undertaking	114	—	132
Loans and advances – issued	(1 641)	(1 488)	(3 554)
Loans and advances – repaid	323	361	342
Cash flows utilised in financing activities	(12 553)	(12 624)	(17 625)
Proceeds from borrowings	62 251	11 957	69 416
Repayment of borrowings	(73 782)	(18 964)	(75 083)
Cash flows of discontinued operations held for sale	(1 016)	(4 934)	(10 570)
Settlement of derivative	—	(50)	(146)
Redemption of preference shares	—	(622)	(1 226)
Acquisition of treasury shares	—	(7)	(7)
Principal elements of lease payments	(6)	(4)	(9)
Net decrease in cash and cash equivalents	(8 925)	(5 473)	(5 146)
Effect of changes in exchange rate	40	26	(38)
Cash and cash equivalents at beginning of the year	20 224	25 408	25 408
Cash and cash equivalents at end of the period	11 339	19 961	20 224

* Comparatives have been restated for the sale of the United Kingdom operation which is disclosed as a discontinued operation as detailed in note 2.

Segmental analysis

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Six months to 31 August 2022 (unaudited)					
Property – United Kingdom	–	–	–	153 468	110 727
Property – South Africa	24 429	20 065	458 822	488 112	331 077
Property – Austria	1 764	1 318	31 461	33 058	18 019
Property – Namibia	1 387	1 301	36 275	45 869	23 590
Property – Africa excluding Namibia and South Africa	1 266	2 646	25 791	33 396	13 999
Serviced office – United Kingdom	–	–	–	53 275	50 077
Other	–	(1 094)	–	(693)	333
	28 846	24 236	552 349	806 485	547 822
Six months to 31 August 2021 (unaudited)					
Property – United Kingdom	–	–	169 609	206 828	118 625
Property – South Africa	24 080	21 198	436 206	459 547	321 875
Property – Austria	1 715	213	30 114	31 654	20 595
Property – Namibia	1 509	1 655	36 400	45 704	23 762
Property – Africa excluding Namibia and South Africa	1 088	459	21 441	28 768	11 496
Serviced office – United Kingdom	–	–	30 980	52 619	49 407
Other	–	(1 053)	–	(531)	373
	28 392	22 472	724 750	824 589	546 133
Twelve months to 28 February 2022 (audited)					
Property – United Kingdom	–	–	146 498	189 991	99 582
Property – South Africa	46 565	54 871	433 363	471 586	323 947
Property – Austria	3 366	3 998	30 164	31 729	17 276
Property – Namibia	2 975	2 225	34 780	43 678	22 911
Property – Africa excluding Namibia and South Africa	2 217	1 983	22 099	28 881	12 651
Serviced office – United Kingdom	–	–	36 887	64 203	61 526
Other	–	(963)	–	347	408
	55 123	62 114	703 791	830 415	538 301

Notes to the condensed consolidated interim financial statements

1 Basis of presentation and accounting policies

The Condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements for interim reports, and the requirements of the Companies Act, No 71 of 2008 (the "Companies Act") applicable to interim financial statements.

The JSE Listings Requirements require interim 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 the 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 interim financial statements are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following new standards, amendments to publicised standards and interpretations that became effective for the current reporting period beginning on 1 March 2022:

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the *Conceptual Framework*, to determine whether a present obligation exists at the acquisition date. The amendments also clarify that contingent assets do not qualify for recognition at the acquisition date.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

The amendment prohibits the deduction from the cost of property, plant and equipment any proceeds of the sale of items produced while bringing the asset to the location or condition required for use. Instead, the proceeds of selling such items and the cost of producing such items must be recognised in profit or loss.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendment specifies which costs need to be included when assessing if a contract is onerous or loss-making. Costs should be directly related to contract activities and should exclude general and administrative costs.

The Group's reportable segments reflect those components of the Group that are regularly reviewed by the chief executive officers and other senior executives who make strategic decisions (i.e. the chief operating decision maker).

Trading profit on the face of the statement of comprehensive income is the Group's operating result excluding fair value gains or losses on financial assets at fair value through profit or loss and impairment losses on goodwill.

Tangible net asset value per share:

Tangible net asset value per share excludes intangible assets, deferred tax assets and deferred tax liabilities from the calculation of the group's net asset value. Management believes that it is a useful measure for shareholders of the Group's intrinsic net worth. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

The directors of the Group take full responsibility for the preparation of this interim report.

Notes (continued)

2 Discontinued operation

On 23 May 2022 the group announced its intention to sell all the assets and liabilities of the United Kingdom operations Moorgarth and Boutique (the "Moorgarth group").

The associated assets and liabilities of the Moorgarth group have consequently been presented as held for sale.

The subsidiary group was sold on 17 November 2022 with effect from 1 March 2022 and is reported in the current period as a discontinued operation.

Financial information relating to the discontinued operation is set out below.

£'000	Unaudited 6 months to 31/08/22	Unaudited 6 months to 31/08/21	Audited 12 months to 28/02/22
Financial performance and cash flow information			
Revenue	13 595	11 219	24 116
Other operating income	488	202	352
Loss on disposal of investment property	(13)		
Net loss from fair value adjustment on investment property	(43 092)	(2 500)	(6 944)
Impairment losses on financial assets	40	749	248
Employee benefit expenses	(2 439)	(2 281)	(4 301)
Depreciation, impairment and amortisation	(581)	(691)	(1 331)
Other operating costs	(6 153)	(4 510)	(9 147)
Trading (loss)/profit	(38 155)	2 188	2 993
Gain on disposal of financial assets			307
Net fair value (loss)/gains on financial assets at fair value through profit or loss	(1 164)	408	432
Operating profit	(39 319)	2 596	3 732
Finance income	439	588	1 166
Finance cost	(2 163)	(2 042)	(3 949)
Loss from joint venture	(5 148)	(207)	1 012
(Loss)/profit before taxation	(46 191)	935	1 961
Taxation	(9)	(10)	1 851
(Loss)/profit from discontinued operation before non-controlling interest	(46 200)	925	3 812
Net cash inflow from operating activities	1 596	3 558	5 769
Net cash inflow/(outflow) from investing activities	4 663	(452)	(781)
Net cash (outflow)/inflow from financing activities	(1 016)	(4 934)	(10 570)
Net increase/(decrease) in cash generated by the subsidiary	5 243	(1 828)	(5 582)

Notes (continued)

2 Discontinued operation (continued)

£'000	Unaudited 6 months to 31/08/22	Unaudited 6 months to 31/08/21	Audited 12 months to 28/02/22	
Assets and liabilities of disposal group classified as held for sale				
The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 31 August 2022:				
Assets classified as held for sale				
Property, plant and equipment	5 114			
Investment property	101 259			
Investment property – right-of-use assets	46 309			
Intangible assets	8 031			
Deferred taxation	2 991			
Investments accounted for using the equity method:				
Investments in joint venture	7 074			
Derivative financial instruments	463			
Financial assets at fair value through profit and loss	3 295			
Financial assets at amortised cost:				
Loans to joint venture	358			
Loans receivable	895			
Trade and other receivables	863			
Other assets	8 723			
Cash and cash equivalents	11 024			
Investment property held for sale	10 345			
Total assets of disposal group held for sale	206 744			
Liabilities directly associated with assets classified as held for sale				
Borrowings	(56 246)			
Lease liabilities	(34 660)			
Deferred revenue	(4 216)			
Trade and other payables	(9 582)			
Taxation	(11)			
Total liabilities of disposal group held for sale	(104 715)			
3	Number of shares in issue net of treasury shares ('000)	256 963	256 980	256 963
4	Net asset value per share (pence)	78.9	90.3	93.5
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)	92.0	98.1	101.3
5	Depreciation for the year	215	216	426
6	Net loss/(profit) from fair value adjustment on investment property	671	1 136	(17 086)

Notes (continued)

£'000	Unaudited 6 months to 31/08/22	Unaudited 6 months to 31/08/21	Audited 12 months to 28/02/22			
7 Capital expenditure for the year	9 382	2 930	5 640			
Capital commitments contracted but not provided for at year-end are:						
South Africa						
Inanda Spar: development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd.	107	1 246	803			
Uitzicht: development by Colkru Investments (Pty) Ltd to be funded by Investec.	155	—	913			
Tenant installation: improvement to existing and additional rental units for an existing tenant of Imbali Props 21 (Pty) Ltd, and the works are expected to be self-funded or via bank funding. This will be done over the course of the next financial period.	344	—	610			
Professional fees for the Vergelegen (Mzuri) property development, to be funded via group loans.			464			
KZN flood damage: repairs of properties impacted by localised floods, Imbali Props 21 (Pty) Ltd and Saddle Path Props 69 (Pty) Ltd are committed to the works, and the source of funding is from insurance proceeds.	454	—	—			
8						
Headline earnings						
Basic headline earnings per share (pence)	6.7	2.6	6.1			
Diluted headline earnings per share (pence)	6.6	2.6	6.1			
Calculation of headline earnings	Gross	Net	Gross	Net	Gross	Net
(Loss)/profit attributable to equity holders of the company		(41 450)	4 880		20 278	
Net loss/(profit) from fair value adjustment on investment property	671	677	1 136	793	(17 086)	(2 762)
Net loss from fair value adjustment on investment property attributable to discontinued operations	54 741	54 590				
Fair value adjustments from equity-accounted investments		3 343		1 307		(482)
Profit on disposal of investment properties	(104)	(75)	(224)	(174)	(1 640)	(1 027)
Loss on disposal of investment properties attributable to discontinued operations	13	13				
Gain on disposal of financial assets		(8)				(332)
Gain on disposal of property, plant and equipment						(1)
		17 090	6 806		15 674	
9						
Financial assets						
Unlisted investments at fund managers valuation		60	4 492		4 514	

Notes (continued)

10 Contingent liabilities

South Africa

Acquisition of Austrian investment and property companies – the adjustment account between sellers and the Group is still to be concluded, with the anticipated date of completion for this process on or after 28 February 2023. As a result, there is an anticipated but unquantified amount which will need to be adjusted for on the acquisition date accounts for the finalisation of accounts; the outcome of the finalisation is expected to result in a receivable for the group against the seller.

11 Related parties

During the reporting period, in the ordinary course of business, certain companies within the group entered into transactions with each other. All these intergroup transactions are similar to those in the prior year and have been eliminated in the financial statements on consolidation.

12 Events after the reporting period

All the assets and liabilities of the United Kingdom operations Moorgarth and Boutique were sold on 17 November 2022, with effect from 1 March 2022, and are reported in the current period as held for sale, and the profit & loss results of the disposal subsidiaries are reported as a discontinued operation.

The remaining assets held for sale are highly probable to have all sale terms fulfilled after the reporting period.

The entity is in breach of several of its financial covenants measured at the reporting date on its redeemable listed 'B' preference shares issued to FirstRand Bank Ltd (RMB). The listed 'B' preference shares were fully redeemed to RMB on 18 November 2022 from part of the proceeds of the sale of the United Kingdom operations.

Disposal of certain investment properties in South Africa have been agreed to with independent third parties after reporting date. As such the properties are shown as part of investment property until such time as the conditions pass. The decisions to sell the assets were taken after reporting date and therefore the requirements of IFRS 5 were not met.

SASRIA claim for the July 2021 civil unrest – to the date of this report the Collins Group has received an interim payment and is still awaiting finalisation of the full claim. The various properties affected by the unrest have been repaired and are operational except for 3 properties located in the Pietermaritzburg CBD, which require a complete redevelopment to be undertaken and overseen by SASRIA directly.

Notes (continued)

13 Goodwill

£'000		Unaudited 6 months to 31/08/22	Unaudited 6 months to 31/08/21	Audited 12 months to 28/02/22
13.1	Cost	—	8 031	8 031
	Accumulated impairment losses	—	—	—
		—	8 031	8 031
13.2	Cost			
	Balance at beginning of year	8 031	8 031	8 031
	Transferred to assets held for sale	(8 031)	—	—
	Balance at end of period	—	8 031	8 031
13.3	Accumulated impairment losses			
	Balance at beginning of year	—	—	—
	Foreign currency translation movements	—	—	—
		—	—	—

13.4 Allocation of goodwill to cash-generating units

The goodwill acquired in a business combination is allocated, at acquisition, to the CGU or group of CGUs that is expected to benefit from that business. Goodwill arose from the acquisition of The Boutique Workplace Co Ltd ("Boutique") which has been identified as the CGU for which this goodwill has been allocated.

	Opening	Transferred to assets held for sale	Closing
Six months to 31 August 2022 (unaudited)			
Boutique	8 031	(8 031)	—
Six months to 31 August 2021 (unaudited)			
Boutique	8 031		8 031
Twelve months to 28 February 2022 (audited)			
Boutique	8 031		8 031

Notes (continued)

14 Financial instruments

The carrying amounts, net gains and losses recognised through profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
31 August 2022					
Assets (£'million)					
Financial asset at fair value through profit or loss	0.1	—	—	—	—
Derivatives	—	0.6	—	—	—
Loans to joint venture	0.8	—	—	—	—
Loans to associates	6.6	—	0.1	—	0.1
Loans receivable	10.8	—	0.4	—	—
Trade and other receivables	6.6	—	—	—	—
Other assets	3.4	—	—	—	—
Cash and cash equivalents	11.3	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	299.1	—	—	(12.3)	—
Derivatives	7.5	2.1	—	0.2	—
Preference shares	51.3	—	—	(1.5)	—
Deferred revenue	0.5	—	—	—	—
Short-term borrowings	19.6	—	—	—	—
Trade and other payables	11.6	—	—	—	—
31 August 2021					
Assets (£'million)					
Financial asset at fair value through profit or loss	4.5	0.4	—	—	—
Derivatives	—	(1.2)	—	—	—
Loans to joint venture	9.8	—	0.6	—	(0.5)
Loans to associates	6.1	—	—	—	0.4
Loans receivable	9.5	—	0.3	—	—
Trade and other receivables	7.3	—	—	—	—
Other assets	10.5	—	—	—	—
Cash and cash equivalents	20.0	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	326.4	—	—	(13.7)	—
Derivatives	5.7	2.3	—	—	—
Preference shares	51.2	—	—	(1.4)	—
Deferred revenue	6.6	—	—	—	—
Short-term borrowings	51.6	—	—	—	—
Trade and other payables	22.1	—	—	—	—

Notes (continued)

14 Financial instruments (continued)

28 February 2022	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Assets (£'million)					
Financial asset at fair value through profit or loss	4.5	0.4	—	—	—
Derivatives	—	2.0	—	—	—
Loans to joint venture	10.0	—	1.1	—	(0.7)
Loans to associates	6.0	—	—	—	0.3
Loans receivable	21.0	—	1.2	—	—
Trade and other receivables	6.0	—	—	—	—
Other assets	8.2	—	—	—	—
Cash and cash equivalents	20.2	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	349.3	—	—	(27.4)	—
Derivatives	8.7	0.8	—	(0.1)	—
Preference shares	49.1	—	—	(2.8)	—
Deferred revenue	5.7	—	—	—	—
Short-term borrowings	23.1	—	—	—	—
Trade and other payables	16.8	—	—	—	—

The fair value of all amounts, except long-term borrowings with fixed interest rates, approximate their carrying amounts.

All financial instruments are classified as loans receivable/payable at amortised cost, except listed investments, which are classified as financial assets at fair value through profit or loss and the derivatives, which are partly carried at fair value through profit and loss held for trading and partly as fair value through profit and loss designated as a hedge.

Notes (continued)

15 Fair value measurement of financial instruments

IFRS7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's financial and non-financial assets and liabilities that are measured at fair value at 28 February 2022:

£'000	Level 1	Level 2	Level 3
Unaudited 31/08/22			
Assets			
Financial assets at fair value through profit and loss			
Equity securities			60
Non-financial assets at fair value through profit or loss			
Investment properties			552 349
Total assets			552 409
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency and interest rate swap		7 479	
Financial liabilities at amortised cost			
Preference shares		51 286	55
Borrowings			318 705
Total liabilities		58 765	318 760
Unaudited 31/08/21			
Assets			
Financial assets at fair value through profit and loss			
Equity securities			4 492
Trading derivatives			
South Africa CPI hedge			
Non-financial assets at fair value through profit or loss			
Investment properties			724 750
Total assets			729 242
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		5 397	
Derivatives used for hedging			
Interest rate contracts		274	
Financial liabilities at amortised cost			
Preference shares		51 222	54
Borrowings			377 955
Total liabilities		56 893	378 009

Notes (continued)

15 Fair value measurement of financial instruments (continued)

£'000	Level 1	Level 2	Level 3
Audited 28/02/22			
Assets			
Financial assets at fair value through profit and loss			
Equity securities			4 514
Trading derivatives			
South Africa CPI hedge		88	
Non-financial assets at fair value through profit or loss			
Investment properties			703 791
Total assets		88	708 305
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency and interest rate swap		8 749	
Financial liabilities at amortised cost			
Preference shares		49 081	52
Borrowings			372 325
Total liabilities		57 830	372 377

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

The carrying amounts reported in the statement of financial position approximate fair values. Discounted cash flow models are used for trade and loan receivables. The discount yields in these models use calculated rates that reflect the return a market participant would expect to receive on instruments with similar remaining maturities, cash flow patterns, credit risk, collateral and interest rates.

The fair value of investment properties is based on rental yield valuations and vacancy rates at the reporting date. The key observable inputs are rental yields and vacancy rates.

	1% increase in capitalisation rate	1% decrease in capitalisation rate	5% increase in vacancy rate	5% decrease in vacancy rate	10% increase in market rents	10% decrease in market rents
South Africa and Austria investment properties	(47 336)	57 783	(22 228)	7 704	55 574	(57 149)
Namibia investment properties	(4 631)	5 795	(1 287)	2 401	4 597	(4 596)
Africa investment properties	(250)	296	(176)	77	348	(348)

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

There were no transfers between the levels 1 and 2 and 3 during the year.

Notes (continued)

15 Fair value measurement of financial instruments (continued)

Reconciliation of recurring level 3 fair value financial instruments:

£'000	Unaudited 31/08/22	Unaudited 31/08/21	Audited 28/02/22
Investment Properties			
At beginning of year	703 791	703 506	703 506
Additions – direct acquisitions South Africa	5 766	–	–
Construction/development/improvements	3 597	2 773	5 150
Capitalisation of borrowing costs	222	463	873
Foreign currency translation differences	24 987	20 842	5 572
Disposals	(1 189)	38	(6 197)
Loss due to civil unrest – South Africa	–	–	(1 232)
Transfer to assets held for sale	(147 254)	172	(17 000)
Straight line lease adjustment	(25)	1 216	869
Net loss from fair value adjustments on investment property	(665)	(734)	15 705
Movements on right-of-use investment property assets:			
Adjustment for rent increase	–	–	(426)
Additions	–	–	2 529
Transfer to assets held for sale/disposals	(36 888)	(633)	–
Net loss from fair value adjustments on investment property	(6)	(2 902)	(5 563)
Foreign currency translation differences	13	9	5
At end of year	552 349	724 750	703 791
Financial assets			
At beginning of year	4 514	4 081	4 081
Additions	1	–	–
Foreign currency translation differences	2	2	2
Transfer to assets held for sale	(4 458)	–	–
Fair value (loss)/gain	–	408	431
Distribution received	1	1	–
At end of year	60	4 492	4 514

Directorate and administration

Directorate

C H Wiese (81)[†]

B A, LL B, D Com (HC)
Chairman

K R Collins (51)[†]

L L Porter (71)^{*◦}

B A, BSc, DPhil, FBICS, CITP
Appointed on 2 May 2018

M J Roberts (75)^{**◦}

B A

P J Roelofse (45)[†]

B Acc (Cum Laude) B Acc Hons, CA (SA), CFA

H R W Troskie (52)^{**}

B Juris, LL B, LL M

J D Wiese (41)[†]

B A, LL B, M Com
alternate to C H Wiese

T A Vaughan (56)[#]

B Sc Hons, MRICS

F H Esterhuysen (52)[#]

B Acc Hons, M Com, CA(SA)

K L Nordier (55)^{#◦}

B Acc, B Acc Hons, CA (SA)
Financial director

[#] Executive

[†] Non-executive

^{*} Non-executive and member of the audit committee

^{*} Non-executive and member of the remuneration committee

[◦] Member of the social and ethics committee

Administration

Company secretary

P J Janse van Rensburg
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Cape Town 8001

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