TRADEHOLD LIMITED
(Registration number: 1970/009054/06)
Incorporated in the Republic of South Africa
JSE Share code: TDH ISIN: ZAE000152658
("Tradehold" or "the Group")

INTERIM CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS OF THE TRADEHOLD GROUP FOR THE SIX MONTHS TO 31 AUGUST 2017

KEY INFORMATION

- Total assets up 161.7% to £994 million
- Revenue 165.5% up at £55.5 million
- Ordinary shareholders equity up 74.8% to £306.8 million
- Net asset value per share up 34% to 124.1 pence
- Tangible net asset value per share up 54.8% to 134.2 pence
- Headline earnings per share up 169% to 3.5 pence

Previously the bulk of Tradehold's property assets were held in the UK and in Southern Africa outside South Africa. However, the acquisition of the Collins Group's South African portfolio of 152 mainly industrial buildings during the 2017 financial year has changed that situation to the extent where the major part of Tradehold's gross assets are now in South Africa. In addition to its property portfolios which represent the bulk of its assets, Tradehold also owns financial services businesses in the UK and in South Africa. These businesses are in the process of being transferred to a new company to be listed separately. Tradehold holds its property assets in the UK through a 100% interest in Moorgarth Group; in Africa, through a 100% ownership of Tradehold Africa; and in South Africa through its 100% ownership of the Collins Group. Its existing financial services interests are vested in companies in the UK and in South Africa. In the UK it has, through Reward Finance Group, an indirect holding of 70% in the three operating Reward companies – Reward Capital, Reward Invoice Finance and Reward Trade Finance – while in South Africa it wholly owns the multi-faceted Mettle Investments.

RESTRUCTURING

Shortly before the end of the reporting period Tradehold announced a restructuring of its business aimed at strengthening the focus on its core property markets in the UK and South Africa. As part of this process, its financial services businesses will be stripped out and listed separately to create two focused businesses each with its own, clear identity. Tradehold shareholders will receive shares in the new company equal to the number of shares held in Tradehold. Although the financial services assets are at this stage still relatively small, they are considered an effective platform for growth both organically and through acquisitions.

FINANCIAL PERFORMANCE

The strong revenue growth during the reporting period was due largely to the results of the South African-based Collins Group, acquired towards the end of the 2017 financial year, being integrated with those of Tradehold for the full six-month period. This resulted in total assets growing by 161.7% to £993.7 million from £379.7 million against the corresponding period. Revenue increased by 165.5% to £55.5 million (2016: £20.9 million). Total profit attributable to shareholders is £10.8 million (2016: £10.9 million). The decrease is mainly because the reporting period gain in the fair-value adjustment of its investment properties is £1.6 million, compared to a gain of £8 million after minorities in the corresponding period. The gain in the corresponding period was mainly due to revaluation uplifts in the case of the Bolton retail development in the UK and the Cognis residential development in Mozambique on completion of works. Headline earnings per share increased 169% to 3.5 pence from 1.3 pence while net asset value per share grew 34% to 124.1 pence from 92.6 pence. Tangible net asset value per share (as defined by management) was 54.8% higher at 134.2 pence, up from 86.7 pence.

BUSINESS ENVIRONMENT

The main markets in which Tradehold operates – the UK and South Africa – continue to be in a state of flux. The UK economy is at present characterised by a high level of uncertainty as to the affect of the country's intended withdrawal from the EU on its relationships with its major markets. Economic growth has been the weakest this year since 2012 while consumer demand has been dampened by the rise in inflation to its highest level in almost five years, following the drop in the value of the pound after the Brexit vote. However, this drop has in turn also stimulated interest in some UK real estate asset sectors by overseas investors.

The South African economy has experienced several years of anaemic growth and there is little indication of any marked improvement in the near future. Although inflation levels have come down, political instability, a weakened rand, growing unemployment and government interference in the economy have combined to stifle investor confidence, prompting an exodus of foreign capital from the country. Lack of consumer disposable income has furthermore led to a drop in demand, impacting the industrial and retail sectors in particular.

PROPERTY

Moorgarth

During the six month reporting period Moorgarth grew the value of its portfolio by £3 million to £177.2 million , or by £16 million to £234 million if its interest in joint ventures (not reflected in the balance sheet), is included. It acquired the Waverley Mall in Edinburgh at a cost of £24.7 million in a joint venture with the long established South African Moolman Property Group, and disposed of two non-core properties as part of its ongoing portfolio upgrade drive. During the reporting period it generated turnover of £13.7 million (2016: £13.8 million). The decrease in turnover was due to the inclusion of revenue of £1.5 million in the corresponding period from the group's formerly owned hotel investment, a legacy asset which was disposed of in February 2017. Moorgarth's contribution to total group profits (net profit plus group interest) was £3.3 million (2016: £6.4 million). The decrease was due mainly to a £3.75 million valuation uplift on the Market Place retail centre in Bolton in the corresponding period.

Tradehold's UK business remained robust in a highly volatile environment in which it continued to actively manage its assets to extract the maximum benefit from the potential they offer. This resulted in its balance sheet reflecting an increase in the value of the portfolio. Despite a growing lack of consumer disposable income due to high inflation, its retail centres performed well. They are located in densely populated areas and enjoy high levels of passing trade, as in the case of Waverley Mall located next to Edinburgh's main railway station. The mid-town Market Place shopping centre in Bolton, has been repositioned as an exciting meeting place for consumers with a strong entertainment component complementing an extensive line-up of sought–after retail brands. In the last 12 months Market Place has won the Revo (formerly British Council of Shopping Centres) Gold Award as the best major refurbishment of over £5 million in the UK, as well as the shopping centre industry's top marketing award across Europe and Africa.

During the reporting period Moorgarth continued to expand its offering of serviced office space through its wholly owned subsidiary, The Boutique Workplace Company (TBWC), which during the reporting period acquired new buildings, signed new leases and has undertaken an extensive refurbishment programme. In the short term these actions affected profitability, but they are intended to build value in the long-term. Although TBWC's turnover grew 12% in the six months to £8.5 million (2016: £7.6 million), EBITDA fell to £0.8 million (2016: £1.6 million) and EBIT or operating profit to £0.2 million (2016: £1.4 million). On a like-for-like basis, excluding new buildings that are initially loss-making and buildings closed for refurbishment, underlying EBITDA is £1.6 million.

The service TBWC provides is becoming increasingly popular with companies hesitant to enter into long-term leases in the UK's present volatile business environment and is increasingly preferred by professionals and entrepreneurs who want to get on with their business without having to provide their own infrastructure. After the end of the reporting period Moorgarth acquired a further two centrally located buildings in London which will be converted to fit the needs of its serviced office division and then leased to it on a long-term basis.

Tradehold Africa

The value of Tradehold Africa's portfolio, outside South Africa, increased by £0.1 million to £119.4 million since the year-end, while revenue grew by 118.8% to £5.5 million (2016: £2.5 million). It contributed £2.3 million to total group profits compared to £5 million in the corresponding period. The decrease resulted mainly from the £4.6 million fair value gain in the corresponding period following the completion of the Cognis residential development in Maputo in Mozambique. The development is let on long-term leases to the US Embassy and the oil-exploration company Anadarko.

The main focus of Tradehold Africa's operations continued to be Namibia where one of its major retail developments, the 27 000m^2 Dunes Mall in Walvis Bay in partnership with Atterbury Property Group, was recently completed at a cost of £29 million. Also completed during the same period was the Town Lodge, which forms part of The Steps development in Windhoek. Meanwhile construction has started on the 10 000m^2 shopping mall in Gobabis to be anchored by Shoprite. The completion date has been set for November 2018. Tradehold has made considerable progress with its plan to list its Namibian interests on the Namibian Stock Exchange. Discussions with key investors are underway. If successful, these assets will be listed by the end of the 2018 financial year.

In the other countries in Southern Africa in which Tradehold Africa has an interest – Zambia, Mozambique and Botswana – the company continued managing its assets on a profitable basis. In June its new retail mall in Pemba on the north coast of Mozambique was opened, with Shoprite as its anchor tenant.

PROPERTY (continued)

Collins Group

Much time was devoted during the reporting period to bedding down the Collins Group, a fourth-generation family business, of which its property portfolio as well as its property development and management division, were acquired in the 2017 financial year. Its portfolio of 152 commercial, industrial and retail properties built up over many years, has a total gross lettable area (GLA) of 1.6 million m². The accent lies very heavily on industrial properties, which constitute about 91% of total GLA and include premium big box distribution centres and major industrial complexes that are let on long-term triple net leases to investment grade tenants such as Unilever, Sasol, Massmart, Nampak and Pep. Properties with triple net leases constitute 70% of the industrial portfolio. Retail represents about 6% of the portfolio, with tenants such as Shoprite, Pick n Pay, Edcon and Boxer, with the remaining 3% taken up by office accommodation.

The portfolio, which is managed by an experienced team of in-house property managers and developers, is well structured in terms of lease expiry dates, with 0.8% lapsing in 2018, 5.6% in 2019 and 8.1% in 2020 and the balance of some 85% thereafter. Vacancies during the reporting period escalated slightly from 0.8% to 1.4%.

Although most of South Africa is already well served by retail malls and other supermarket outlets, Collins' management believes it has identified a gap in the market for smaller convenience centres adjacent to transport hubs such as taxi ranks and train stations. The company has acquired three such locations for development and has entered into 12-year leases with Shoprite (two) and Cambridge. In light of the positive response from value retailers, Collins has developed a pipeline of similar developments in seven regions of the country.

At the end of the reporting period the Collins Group's portfolio was valued at £504 million. During the six months it achieved turnover of £31 million and contributed £5.2 million to net profit after minorities.

FINANCIAL SERVICES

Reward

In the 6 months to August 2017, Reward continued to build on the success of previous years, with turnover increasing by 19.6% to £4.4 million compared to the corresponding period while its net profit contribution to the group (net profit after minorities plus group interest) was 6% higher at £2 million (2016: £1.9 million). At the end of the reporting period its loan book had grown to £43.7 million from £38.6 million in the corresponding six months. The business consists of three operating units: Reward Capital, which focuses on short-term, asset-backed loans to smaller businesses; Reward Invoice Finance, which offers bespoke invoicing-discounting facilities to similar-sized ones; and Reward Trade Finance.

Since its establishment in 2011, Reward has consistently enjoyed strong, profitable growth. The continuing volatility in the UK business environment has created substantial opportunities for the group as banks and other mainstream lenders are increasingly loathe to grant loans to smaller businesses. Reward aggressively addresses this gap in the market. It is expanding the business with additional offices and debt offerings to take full advantage of the opportunities. Shortly before the end of the reporting period, it obtained a £40 million debt-funding facility from the UK's Foresight Group to fund the future growth of the business.

Mettle

The various divisions of Cape-based Mettle Investments generated a net after-tax contribution to the group of £401 000 (2016: £385 000), an increase of 4.2%. The company aims to grow organically and also continues to pursue acquisitions in the financial services industry. Mettle Solar, the company's venture into solar power solutions in Africa, continued its strong growth. By August this year, it had commissioned 19 rooftop projects of which nine are in South Africa, eight in Namibia and two in Kenya.

SHARE ISSUE

On 12 June 2017 Tradehold issued 81 449 shares to the former shareholders of Pointbreak Corporate Finance, in settlement of the final deferred consideration owing in terms of the acquisition by Mettle in 2015.

ORDINARY SHARE CASH DIVIDEND

The board has decided not to declare an interim dividend.

COMMENTS ON THE RESULTS

The provisional purchase-price allocation for the acquisition of the South African portfolio of the Collins Group during the 2017 financial year was finalised during the reporting period, resulting in a favourable restatement of the 28 February 2017 comparative results. The main changes are as follows:

(£'million)	**Restated Audited 12 months to 28/2/17**	Reported Audited 12 months to 28/02/17
Statement of Comprehensive Income		
Operating profit	**73 180**	66 103
Profit attributable to owners of the parent	**50 869**	44 303
Statement of Financial Position		
Ordinary shareholders' equity	**301 885**	295 054
Non-controlling interest	**13 258**	13 696
Net asset value per share (pence)	**122.2**	119.4

LOOKING AHEAD

Bedding down the restructuring of Tradehold into two fully independent and focused entities will be a major objective of senior management in the coming months. As its financial services division at this stage represents only about 6.5% of total assets, the aim will be, once it is on its own, to grow this business strongly over time both organically and through acquisitions. In the case of the property division, the aim will be not so much to add to the size of the portfolios in its main markets but to use the excellent platform they already offer to unlock the full potential of the individual properties owned.

The political volatility and economic instability dominating the UK and South Africa present the property market with enormous challenges. However, as a board we believe we have shown our ability to navigate our way around these challenges. But more than that, we believe our results for the past reporting period amply demonstrate that management possesses the entrepreneurial skills to turn the challenges in these markets to our advantage. We are therefore confident that we shall be able to generate acceptable results for the second half of the year.

Any reference to future financial performance included in this statement has not been reviewed and reported on by the Group's external auditors and does not constitute an earnings forecast.

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.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The consolidated interim financial statements are prepared in accordance with the requirements of the JSE 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 2017:

Amendments to IAS 7, Statement of cash flows on disclosure initiative

These amendments to IAS 7 introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment is part of the IASB's Disclosure Initiative, which continues to explore how financial statement disclosure can be improved.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses

These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

There was no material impact on the annual financial statements as a result of the adoption of these standards.

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 (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.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the Group's financial director, Karen Nordier BAcc, BCompt Hons, CA(SA). The condensed consolidated interim results for the six months ended 31 August 2017 have not been audited or independently reviewed by the group's external auditors, PricewaterhouseCoopers Inc.

REPORTING CURRENCY

As the operations of most of Tradehold's subsidiaries are conducted in pound sterling and because of the distortion caused by the fluctuating value of the rand, the Group reports its results in the former currency.

CH Wiese	**KL Nordier**
Chairman	*Director*

Malta
7 November 2017

STATEMENT OF COMPREHENSIVE INCOME

(£'000)	Unaudited 6 months to 31/08/17	Unaudited 6 months to 31/08/16	Audited 12 months to 28/02/17
Revenue	55 509	20 905	52 518
Other operating income	1 418	146	2 047
Profit on disposal of investment properties	646	—	1 571
Net gain from fair value adjustment on investment property	1 598	12 618	26 187
Loss on disposal and scrapping of PPE (excluding buildings)	—	(54)	(52)
Employee benefit expenses	(4 068)	(1 676)	(7 273)
Lease expenses	(2 960)	(246)	(4 794)
Depreciation, impairment and amortisation	(1 247)	(931)	(2 058)
Other operating costs	(10 751)	(11 689)	(17 975)
Trading profit	40 145	19 073	50 171
Gain on business combination	—	—	23 141
Gain on disposal of investments	3	242	287
Fair value (loss)/gain through profit or loss	(3)	167	(419)
Operating profit	40 145	19 482	73 180
Finance income	3 406	843	3 928
Finance cost	(26 715)	(4 449)	(16 652)
Profit from joint venture	199	70	—
Profit from associated companies	101	140	165
Profit before taxation	17 136	16 086	60 621
Taxation	(5 251)	(615)	(4 387)
Profit for the year before non-controlling interest	11 885	15 471	56 234
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Net fair value loss on hedging instruments entered into for cash flow hedges	120	—	180
Currency translation differences	(4 635)	3 427	15 193
Total comprehensive income for the year	7 370	18 898	71 607
Profit attributable to:			
Owners of the parent	10 843	10 894	50 869
Non-controlling interest	1 042	4 577	5 365
	11 885	15 471	56 234
Total comprehensive income attributable to:			
Owners of the parent	6 298	14 327	66 410
Non-controlling interest	1 072	4 571	5 197
	7 370	18 898	71 607
Earnings per share (pence): basic			
– basic	4.4	5.8	25.4
– headline earnings	3.5	1.3	3.6
Number of shares for calculation of earnings per share ('000)	247 174	188 770	199 921
Earnings per share (pence): diluted			
– diluted	4.4	5.8	25.4
– headline earnings	3.5	1.3	3.6
Number of shares for calculation of diluted earnings per share ('000)	247 438	189 034	200 185

STATEMENT OF FINANCIAL POSITION

(£'000)	Unaudited 31/08/17	Unaudited 31/08/16	Audited 28/02/17
Non-current assets	868 534	295 986	868 571
Property, plant and equipment	11 265	8 333	9 396
Investment properties – fair value for accounting purposes	790 294	249 707	804 239
Investment properties – straight-line lease income adjustment	10 698	—	2 422
Intangible assets other than goodwill	538	1 054	754
Goodwill	11 632	10 454	11 802
Investment in joint venture	26 781	18 452	20 630
Investments in associates	6 621	4 521	6 132
Deferred taxation	8 608	501	10 961
Trade and other receivables	621	359	552
Loans receivable	1 476	2 605	1 683
Current assets	125 193	83 720	129 208
Financial assets	6 281	6 280	5 924
Assets held for resale	—	—	14 389
Loans receivable	5 210	49	531
Derivative financial instruments	1 765	—	2 656
Loans to associates	9 853	893	8 707
Trade and other receivables	67 658	55 229	66 053
Taxation	1 483	—	17
Cash and cash equivalents	32 943	21 269	30 931
Total assets	993 727	379 706	997 779
Equity	320 561	179 767	315 143
Ordinary shareholders' equity	306 795	175 488	301 885
Non-controlling interest	13 766	4 279	13 258
Non-current liabilities	529 980	136 556	527 956
Preference share liability	61	33 087	48
Long-term borrowings	480 476	92 109	474 167
Derivative financial instruments	412	4 468	532
Deferred revenue	3 443	6 140	7 581
Deferred taxation	45 588	752	45 628
Current liabilities	143 186	63 383	154 680
Preference share liability	37 574	—	38 951
Short-term borrowings	90 172	47 905	89 164
Contingent consideration	—	125	105
Taxation	2 820	2 119	1 303
Bank overdrafts	—	—	558
Other current liabilities	12 620	13 234	24 599
Total equity and liabilities	993 727	379 706	997 779

STATEMENT OF CHANGES IN EQUITY

(£'000)	Unaudited 6 months to 31/08/17	Unaudited 6 months to 31/08/16	Audited 12 months to 28/02/17
Balance at beginning of the period	315 143	160 214	160 214
Profit for the year	11 885	15 471	56 234
Proceeds from ordinary share issue	93	1 743	76 478
Dividends distributed to shareholders	(1 501)	(572)	(572)
Transaction costs on issue of shares	—	—	(552)
Disposal of subsidiary/liquidation of employees share trust	—	—	(60)
Acquisition of subsidiaries	—	(535)	8 537
Capital reserve (Employee Share Option Scheme)	20	19	38
Distribution to minorities	(564)	—	(548)
Other comprehensive income for the year	(4 515)	3 427	15 374
Balance at the end of the period	320 561	179 767	315 143

STATEMENT OF CASH FLOWS

(£'000)	Unaudited 6 months to 31/08/17	Unaudited 6 months to 31/08/16	Audited 12 months to 28/02/17
Cash flows from operating activities	(7 100)	5 509	10 670
Operating profit	40 145	19 482	73 180
Non-cash items	(9 341)	(12 023)	(48 204)
Changes in working capital	(15 645)	2 044	4 053
Interest received	3 407	844	2 573
Interest paid	(22 645)	(4 720)	(18 479)
Dividends paid	(1 501)	(572)	(572)
Taxation paid	(1 520)	454	(1 881)
Cash flows utilised in investing activities	5 905	(42 621)	(69 374)
Acquisition of investment properties	(11 917)	(33 320)	(54 468)
Acquisition of property, plant and equipment	(3 098)	(1 457)	(2 944)
Acquisition of investment	(360)	—	—
Business combinations, net of cash acquired	—	—	758
Proceeds on disposal of investment properties	18 869	—	5 896
Proceeds on disposal of property, plant and equipment	—	—	4 913
Net proceeds on disposal of investment	389	—	1
Dividends received from associates	—	327	186
Loans advanced to joint venture	(5 952)	(2 590)	(6 884)
Loans repaid by/(advanced to) associate undertaking	3 975	602	(8 267)
Loans and advances – issued	55 433	(41 297)	(86 955)
Loans and advances – repaid	(51 434)	35 114	78 390
Net cash flow	(1 195)	(37 112)	(58 704)
Cash flows from financing activities	3 801	36 380	67 177
Proceeds from borrowings	132 926	60 578	109 778
Repayment of borrowings	(128 573)	(24 208)	(42 075)
Proceeds from preference share issue	12	10	22
Dividends to non-controlling interests	(564)	—	(548)
Net increase in cash and cash equivalents	2 606	(732)	8 473
Effect of changes in exchange rate	(36)	48	(53)
Cash and cash equivalents at beginning of the year	30 373	21 953	21 953
Cash and cash equivalents at end of the year	32 943	21 269	30 373

NON CASH TRANSACTION

During the period under review the following non cash transaction took place:

Tradehold Limited share issue

On 12 June 2017 Tradehold issued 81 449 shares to the former shareholders of Pointbreak Corporate Finance, in settlement of the final deferred consideration owing in terms of the acquisition by Mettle in 2015.

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Six months to 31 August 2017 (unaudited)					
Property – United Kingdom	5 235	4 004	177 216	214 244	195 522
Serviced office – United Kingdom	8 449	178	—	17 017	10 885
Property – Namibia	2 013	1 604	41 273	53 658	40 365
Property – Africa excluding Namibia and South Africa	3 511	3 136	78 095	87 430	82 911
Property – South Africa	31 059	28 980	504 408	524 338	403 980
Short-term lending – United Kingdom	4 440	3 023	—	48 551	41 993
Short-term lending – South Africa	802	308	—	15 926	8 985
Other	—	(1 088)	—	32 563	(111 475)
	55 509	40 145	800 992	993 727	673 166
Six months to 31 August 2016 (unaudited)					
Property – United Kingdom	6 269	6 663	161 234	201 640	205 537
Serviced office – United Kingdom	7 590	1 422	—	15 347	9 906
Property – Namibia	1 744	1 492	32 015	32 732	27 404
Property – Africa excluding Namibia and South Africa	781	7 943	56 458	62 714	56 498
Property – South Africa	—	—	—	—	—
Short-term lending – United Kingdom	3 711	2 672	—	39 180	34 787
Short-term lending – South Africa	810	201	—	14 178	9 812
Other	—	(911)	—	13 915	(144 004)
	20 905	19 482	249 707	379 706	199 940
Twelve months to 28 February 2017 (audited)					
Property – United Kingdom	13 401	19 824	174 236	226 767	208 799
Serviced office – United Kingdom	15 440	2 720	—	19 698	14 095
Property – Namibia	3 518	8 237	42 945	54 611	41 446
Property – Africa excluding Namibia and South Africa	3 301	8 412	76 363	83 800	82 053
Property – South Africa	7 838	30 023	513 117	534 003	414 867
Short-term lending – United Kingdom	7 482	5 425	—	43 076	37 783
Short-term lending – South Africa	1 538	610	—	12 820	6 285
Other	—	(2 071)	—	23 004	(122 692)
	52 518	73 180	806 661	997 779	682 636

There was no intersegment revenue, resulting in all revenue being received from external customers.

SUPPLEMENTARY INFORMATION

	(£'000)	Unaudited 6 months to 31/08/17	Unaudited 6 months to 31/08/16	Audited 12 months to 28/02/17
1.	Number of shares in issue ('000)	247 174	189 430	247 093
2.	Net asset value per share (pence)	124.1	92.6	122.2
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)	134.2	86.7	131.1
3.	Depreciation for the period	1 031	931	1 270
4.	Capital expenditure for the period	15 015	34 777	57 412

Capital commitments contracted but not provided for at period-end are:
- South Africa – £9.5 million relating to the property development of Mamelodi, Langa, Nkandla, Elliotdale and Paarl.
- Namibia – £4.5 million relating to the developments of City Lodge and Gobabis Mall.

		31/08/17 Gross	31/08/17 Net	31/08/16 Gross	31/08/16 Net	28/02/17 Gross	28/02/17 Net
5.	Calculation of headline earnings	Gross	Net	Gross	Net	Gross	Net
	Net profit		10 843		10 894		50 869
	Gain on revaluation of investment properties	(1 598)	(1 598)	(12 618)	(8 285)	(26 187)	(18 748)
	Profit on disposal of investment properties		(646)				(1 571)
	Gain from business combination						(23 141)
	Gain on disposal of investments		(3)		(242)		(287)
	Loss/(profit) on disposal of property, plant and equipment				54		52
			8 596		2 421		7 174
6.	Financial assets Unlisted investments at fund managers valuation		6 281		6 280		5 924
7.	Contingent liabilities		824		—		516

8. Related parties
During the period under review, 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 interim financial statements on consolidation.

9. Events after the reporting period
Shortly before the end of the reporting period Tradehold announced a restructuring of its business aimed at strengthening the focus on its core property markets in the UK and South Africa. As part of this process, its financial services businesses will be stripped out and listed separately to create two focused businesses each with its own, clear identity. Tradehold shareholders will receive shares in the new company equal to the number of shares held in Tradehold. Although the financial services assets are at this stage still relatively small, they are considered an effective platform for growth both organically and through acquisitions. The transaction is expected to complete before the end of the current financial year.

During October 2017, Moorgarth contracted to a £35.7 million finance facility with Canada Life Ltd, to re-finance eleven of its investment properties for a duration of ten years.

In October 2017, Moorgarth acquired two office buildings near Euston Station in London, collectively known as Connolly Works, for £13.35 million.

Disposal of certain investment properties in South Africa have been agreed to with independent third parties but certain sale conditions at reporting date, have not been fully met. 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 year end and therefore the requirements of IFRS 5 were not met.

The development on the investment property held by an associate, Ifana Investments (Pty) Ltd is expected to commence after reporting date.

Discussions are well under way to list some of the Namibian property assets, together with the assets of development partners, Safland Property Group, on the Namibian Stock Exchange.

SUPPLEMENTARY INFORMATION (continued)

10. Goodwill

		Unaudited 6 months to 31/08/17	Unaudited 6 months to 31/08/16	Audited 12 months to 28/02/17
10.1	Cost	13 055	11 676	13 243
	Accumulated impairment losses	(1 423)	(1 222)	(1 441)
		11 632	10 454	11 802
10.2	Cost			
	Balance at beginning of year	13 243	11 288	11 288
	Acquired through business combinations	—	25	788
	Foreign currency translation movements	(188)	363	1 167
	Balance at end of year	13 055	11 676	13 243
10.3	Accumulated impairment losses			
	Balance at beginning of year	(1 441)	(1 048)	(1 048)
	Foreign currency translation movements	18	(174)	(393)
		(1 423)	(1 222)	(1 441)

10.4 Allocation of goodwill to cash-generating units

Management reviews the business performance based on geography and type of business. It has identified the United Kingdom and South Africa as the main geographies. There are property segments in the UK, and short-term lending in South Africa. Goodwill is monitored by management at the operating segment level. The following is a summary of the goodwill allocation for each applicable operating segment:

	Opening	Additions	Impairment	Foreign currency translation movements	Closing
Six months to 31 August 2017 (unaudited)					
SA short-term lending	2 592			(94)	2 498
UK property – serviced offices	8 000				8 000
Other	1 210			(76)	1 134
Total	11 802	—	—	(170)	11 632
Six months to 31 August 2016 (unaudited)					
SA short-term lending	1 885			314	2 199
UK property – serviced offices	7 975	25			8 000
Other	380			(125)	255
Total	10 240	25	—	189	10 454
Twelve months to 28 February 2017 (audited)					
SA short-term lending	1 885			707	2 592
UK property – serviced offices	7 975	25			8 000
Other	380	763		67	1 210
Total	10 240	788	—	774	11 802

SUPPLEMENTARY INFORMATION (continued)

10. Goodwill (continued)

10.4 Allocation of goodwill to cash-generating units (continued)

10.4.1 The goodwill allocated to the UK property segment has been determined to be the serviced office business owned by subsidiaries acquired by the Group, mainly relating to the Ventia acquisition in the 2016 financial year.

No impairment charge arose as a result of the impairment test. The recoverable amount has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five year period are extrapolated using the estimated sustainable growth rates stated below.

	Unaudited 31/08/17	Unaudited 31/08/16	Audited 28/02/17
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:			
WACC	8.00%	8.00%	8.00%
Growth rate	2.50%	2.50%	2.50%
Sustainable growth rate	0.50%	0.50%	0.50%
The principal assumptions where impairment occurs are as follows:			
WACC	18.10%	18.10%	18.10%
Growth rate	(11.30%)	(11.30%)	(11.30%)
Sustainable growth rate	(1.50%)	(1.50%)	(1.50%)

10.4.2 The goodwill allocated to the SA short-term lending segment relates to the operations of Mettle Investments (Pty) Limited and its subsidiaries, mainly relating to the acquisition by the Group in the 2015 financial year.

No impairment charge arose as a result of the impairment test (2016: nil). The recoverable amount has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated sustainable growth rates stated below.

	Unaudited 31/08/17	Unaudited 31/08/16	Audited 28/02/17
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:			
WACC	15.25%	15.26%	15.26%
Growth rate	8.50%	8.50%	8.50%
Sustainable growth rate	2.10%	2.10%	2.10%
Operating profit margin (% of revenue)	25.68%	25.68%	25.68%
The principal assumptions where impairment occurs are as follows:			
WACC	15.34%	15.58%	15.58%
Growth rate	8.30%	7.50%	7.50%
Sustainable growth rate	1.90%	1.30%	1.30%

SUPPLEMENTARY INFORMATION (continued)

11. Business Combinations

11.1 Collins group South African property portfolio

On 22 December 2016 the group acquired 100% of the equity and voting interest in Imbali Props 21 (Pty) Ltd and Saddle Path Props 69 (Pty) Ltd, holding a portfolio of commercial property assets located in Kwa-Zulu Natal, Eastern Cape, Western Cape and Gauteng in South Africa, as well as 100% of the equity and voting interest in the property management company, Collins Property Projects (Pty) Ltd. The purchase consideration was discharged by the issue of 57.7 million new ordinary shares in the company at an issue price of ZAR28.73 (£1.50) each, and £3.5 million in cash.

As a result of the acquisition, the group has expanded its property interest in to South Africa, and has gained access to the resources and property expertise of the Collins group in South Africa, to assist with the growth and development of the group's Southern African property portfolio.

The fair value exercise is now complete, and has resulted in a favourable revision of the provisional fair value purchase price allocation which was reported for the year ending 28 February 2017.

The significant changes are the gain on business combination, which has increased by £6.66 million, from £16.481 million to £23.141 million, and loans payable to sellers which have reduced by £7.817 million, from payables of £6.344 million to receivables of £1.473 million. The comparatives have been restated in order to account for this.

The following table summarises the revised fair value purchase price allocation for the acquisition.

	Audited 12 months to 28/02/17
Total consideration	78 209
Issuance of ordinary shares	74 741
Cash paid	3 468
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value:	
Total assets	494 665
Investment property	480 683
Property plant and equipment	4 552
Investment in associates	893
Loans receivable from sellers	1 473
Cash and cash equivalents	2 503
Trade and other receivables	4 534
Deferred tax	11
Tax receivables	16
Total liabilities	(393 315)
Non-controlling interest	(8 849)
Borrowings	(351 196)
Deferred tax	(29 554)
Tax creditor	(1 281)
Trade and other payables	(2 435)
Total identifiable net assets	101 350
Gain on business combination	(23 141)
Total consideration	78 209
Consideration paid in cash	(3 468)
Acquisition costs charged to equity	(552)
Cash acquired	2 503
Net cash flow on acquisition	(1 517)

SUPPLEMENTARY INFORMATION (continued)

12. Fair value of 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:

31 August 2017

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	6.3				
Derivatives	1.8	1.7			
Loans to joint venture	23.6		0.3		
Loans to associates	13.5		0.5		
Loans and trade receivables	74.3		1.9		
Other receivables	0.6				
Cash and cash equivalents	32.9				
Liabilities (£'million)					
Long-term borrowings	480.5			22.6	
Derivatives	0.4				
Preference shares	37.5			1.5	
Deferred revenue	3.4				
Contingent consideration					
Short-term borrowings	90.2			1.8	
Bank overdrafts					
Trade and other payables	12.6				

31 August 2016

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	6.3	(0.2)			0.2
Loans to joint venture	18.0				
Loans to associates	4.5				
Loans and trade receivables	47.3		2.1		0.9
Other receivables	10.9				
Cash and cash equivalents	21.3				
Liabilities (£'million)					
Long-term borrowings	102.1			4.2	
Derivatives	4.5				
Preference shares	33.1			2.2	
Deferred revenue	6.1				
Contingent consideration			0.3		6.3
Short-term borrowings	37.9			0.8	
Bank overdrafts					
Trade and other payables	13.2				

SUPPLEMENTARY INFORMATION (continued)

12. Fair value of financial instruments (continued)

28 February 2017

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	5.9	(0.4)			0.4
Derivatives	2.7	10.5			
Loans to joint venture	20.0		1.0		
Loans to associates	12.0		1.4		
Loans and trade receivables	49.9		1.4		1.1
Other receivables	18.9				
Cash and cash equivalents	30.9				
Liabilities (£'million)					
Long-term borrowings	489.1			10.6	
Derivatives	0.5				0.2
Preference shares	39.0			2.6	
Deferred revenue	7.6				
Contingent consideration	0.1				
Short-term borrowings	74.3			2.5	
Bank overdrafts	0.6				
Trade and other payables	24.6				

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.

13. Fair value hierarchy

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 assets and liabilities that are measured at fair value at 31 August 2017:

	Unaudited 31/08/17		
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Securities			6 281
Trading derivatives			
Cross currency swap		1 765	
Non-financial assets at fair value through profit or loss			
Investment properties			800 992
Total assets	—	1 765	807 273
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration			
Derivatives used for hedging			
Interest rate contracts		412	
Financial liabilities at amortised cost			
Preference shares		37 574	61
Borrowings			570 648
Total liabilities	—	37 986	570 709

SUPPLEMENTARY INFORMATION (continued)

13. Fair value hierarchy (continued)

		Unaudited 31/08/16	
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Securities			6 280
Non-financial assets at fair value through profit or loss			
Investment properties			249 707
Total assets	—	—	255 987
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration			125
Trading derivatives			
Cross currency swap		3 761	
Derivatives used for hedging		707	
Interest rate contracts			
Financial liabilities at amortised cost			
Preference shares		33 087	
Borrowings			140 014
Total liabilities	—	37 555	140 139

		Audited 28/02/17	
	Level 1	Level 2	Level 3
Assets			
Financial assets at fair value through profit and loss			
Securities			5 924
Trading derivatives			
Cross currency swap		2 656	
Non-financial assets at fair value through profit or loss			
Investment properties			806 661
Total assets	—	2 656	812 585
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration			105
Trading derivatives			
Cross currency swap			
Derivatives used for hedging			
Interest rate contracts		532	
Financial liabilities at amortised cost			
Preference shares		38 951	
Borrowings			570 222
Total liabilities	—	39 483	570 327

The fair value of financial instruments traded in active markets is based on quoted market prices at the period-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 at the period-end.

SUPPLEMENTARY INFORMATION (continued)

13. Fair value hierarchy (continued)

Should UK property yields increase by 1%, the valuations would be lower by approximately £26,00 million.

Should UK property yields decrease by 1%, the valuations would be higher by approximately £36,00 million.

Should South Africa property yields increase by 1%, the valuations would be lower by approximately £82,08 million.

Should South Africa property yields decrease by 1%, the valuations would be higher by approximately £22,45 million.

Should Namibia property yields increase by 1%, the valuations would be lower by approximately £8,24 million.

Should Namibia property yields decrease by 1%, the valuations would be higher by approximately £0,21 million.

Should Africa (excluding Namibia and South Africa) property yields increase by 1%, the valuations would be lower by approximately £8,03 million.

Should Africa (excluding Namibia and South Africa) property yields decrease by 1%, the valuations would be higher by approximately £6,38 million.

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 period.

Reconciliation of recurring level 3 fair value financial instruments:

	Unaudited 31/08/17	Unaudited 31/08/16	Audited 28/02/17
Investment Properties			
At beginning of year	806 661	196 879	196 879
Additions	11 917	33 320	54 468
Acquired through business combinations			496 981
Capitalisation of borrowing costs			1 165
Foreign currency translation differences	(23 325)	7 334	48 538
Disposals	(4 223)	(444)	(4 325)
Transfer to assets held for resale			(14 000)
Straight line lease adjustment	8 364		768
Net gain from fair value adjustments on investment property	1 598	12 618	26 187
At end of period	800 992	249 707	806 661
Securities			
At beginning of year	5 924	6 344	6 344
Additions	360		
Fair value loss	(3)	(64)	(419)
Distribution received			(1)
At end of period	6 281	6 280	5 924
Contingent consideration			
At beginning of year	105	1 797	1 797
Settled through the issue of ordinary shares	(93)	(2 004)	(2 004)
Unwinding of interest		19	18
Foreign currency translation	(12)	314	294
At end of period	—	126	105

SUPPLEMENTARY INFORMATION (continued)

14. Share based payments

A new employee share option scheme, the Tradehold Limited Employee Share Trust ("ESOP"), was adopted during the 2016 financial year. The options granted under the ESOP are exercisable at the market price of the shares on the date of Tradehold board approval of the award, in three equal tranches on the fourth, fifth and sixth anniversary of the board approval date, provided that the employee is still employed on such exercise date. The fair value at the date of acceptance of the award by the employee is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. There is no cash settlement of the options.

There were no options granted in terms of the ESOP during the reporting period.

For the period ended 31 August 2017, Tradehold has recognised a share-based payment expense in the statement of changes in equity of £20 038 (2016: £19 000).

DIRECTORATE AND ADMINISTRATION

DIRECTORATE

CH Wiese (75)†
B A, LL B, D Com (HC)
Chairman

KR Collins (45)[†]
Appointed on 22 December 2016

MJ Roberts (70)[*+]
B A

HRW Troskie (47)[*+]
B Juris, LL B, LL M

JD Wiese (36)[†]
B A, LL B, M Com
Alternate to CH Wiese

JM Wragge (69)[*]

TA Vaughan (51)[#]
B Sc Hons, MRICS

FH Esterhuyse (47)[#]
B Acc Hons, M Com, CA(SA)

KL Nordier (50)[#]
B Acc, BCompt Hons, CA (SA)
Financial director

DA Harrop (47)[#]
B A Hons, ACA

[#] Executive
[*] Non-executive and member of audit committee and social and ethics committee
[†] Non-executive
[+] Non-executive and member of the remuneration committee

ADMINISTRATION

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