



UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS TO 31 AUGUST 2020 AND CASH DIVIDEND DECLARATION



KEY INFORMATION

- ◆ **TOTAL ASSETS:** £807 million (29 February 2020: £883.9 million)
- ◆ **REVENUE:** £34.5 million (31 August 2019: £47.7 million)

- ◆ **ORDINARY SHAREHOLDERS' EQUITY:** £253.9 million (29 February 2020: £282.7 million)
- ◆ **NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS:** £8.7 million (31 August 2019: loss £0.4 million)

- ◆ **HEADLINE EARNINGS PER SHARE:** 0.5 pence (31 August 2019: 6.9 pence)
- ◆ **TANGIBLE NAV PER SHARE:** 105 pence/R23.39 (29 February 2020: 120 pence/R24.05)
- ◆ **INTERIM DIVIDEND:** 30 cents per ordinary share declared

Tradehold is a property holding group with assets mainly in the UK, South Africa and Namibia. In Southern Africa it owns 74.3% of the Collins Property Group and a portfolio of properties in Namibia while in the UK it holds 100% of the Moorgarth Property Group, including 90% of Boutique, a provider of serviced office accommodation.

OPERATIONAL REVIEW

Management believes the principles on which Tradehold has been built over the past few years – adapt, simplify and focus – offer it a good chance to confront and overcome the challenges brought on by the pandemic. Its flexible culture also ensures it will be better equipped at the end of it to benefit from new opportunities presenting themselves.

Adapt

The South African business (Collins Group) has successfully adapted to the "new normal". The business has collected 90% of all rent due (rent due includes total remissions granted of R30 million), has a low vacancy rate of 1.78% and a 7-year weighted average lease expiry profile. This, as well as hands-on and experienced management have assisted the business in achieving its pre-Covid budget for the period, in management's view a fantastic result under the circumstances.

Collins Group, a 74.3% subsidiary of Tradehold, declares dividends semi-annually in terms of its agreement with its minority shareholders. Tradehold's allocation of this dividend is in turn declared onwards to Tradehold shareholders. This allocation equates to 30 cents per Tradehold share, the first interim dividend in the company's history.

In the UK management has, for some time, recognised a growing interest in the market for flexible, fully-equipped office space offering more flexible and shorter lease terms. This led to the establishment of Boutique, with its present 4 400 workstations spread through 31 buildings in Greater London. New deals concluded since August and enquiries received confirm that this business is excellently positioned to benefit from the new flexible work culture, coupled with a need by businesses for a physical presence in the major cities but one that accommodates fewer employees. September's sales of 180 workstation was the best month for Boutique on a like-for-like basis in three years. Boutique is also now leveraging its platform by offering management agreements to third-party landlords where Boutique manages the building for a profit share. This means lower risk for Boutique as the it is not signing long-term leases to secure the building nor incurring capital expenditure to convert the building

to flexible workspace. Boutique has a very strong pipeline of such opportunities and is in the process of implementing three new management agreements.

Adapting the balance of the UK property business away from retail is ongoing, with retail now consisting of 54% of the total property value in the UK as against 60% 18 months ago. This has enabled the UK property business to collect 75% of total rent due over the first half of the financial year, a satisfactory result achieved under extremely challenging circumstances. The medium- to long-term strategy is for the UK property business to evolve from a capital growth strategy to a less capital-intensive one so that it can also contribute to Tradehold's dividends to shareholders in future.

Simplify

We are simplifying the group's structure, inter alia by reducing the number of Southern African countries in which we do business, to enable us to focus all our attention on our primary markets of South Africa and the UK, and potentially expand to Western Europe in the future into quality assets with blue chip tenants and long dated leases. We have accepted a non-binding offer for our total Namibian portfolio and, if negotiations are successful, will announce the commercial terms of the sale. We have also concluded a sale agreement for one of the last three properties in Mozambique.

Focus

In South Africa, our focus remains on building a quality industrial-oriented property portfolio. To do so we continue to dispose of non-core properties and re-investing in better quality assets. We are in the process of selling assets valued at R282 million. The business is taking advantage of the good buying opportunities available in the market at present and has a pipeline of over R900 million of acquisitions at attractive yields that includes an offshore portfolio that will further add to the quality of the portfolio. It is also focusing on the liability side of the balance sheet by constantly looking at ways to reduce the cost of debt thereby increasing profitability.

In the UK the focus is on growing the Boutique business by taking advantage of the unique opportunities that have come about because of the pandemic. On the property side the business is focusing for now on protecting capital invested through active management. The short- to medium-term strategy is to further reduce exposure to retail. Much attention is also being paid to cost and cashflow management in addition to excellent banking relationships to ensure the UK business has sufficient liquidity for the foreseeable future.

CH WIESE
CHAIRMAN

KL NORDIER
DIRECTOR

10 November 2020

FULL ANNOUNCEMENT

The contents of this announcement are the responsibility of the directors of Tradehold. The announcement is only a summary of the information contained in the complete unaudited condensed consolidated interim results for the six months ended 31 August 2020 ("Full Announcement") released on SENS. Any investment decisions by investors and shareholders should be based on consideration of the Full Announcement which is available at the following link: <https://senspdf.jse.co.za/documents/2020/jse/isse/tdh/Int2020.pdf> and on Tradehold's website at <http://www.tradehold.co.za>. Copies of the Full Announcement are available for inspection and may be requested at no charge from Tradehold's registered office at 36 Stellenberg Road, Parow Industria or Tradehold's company secretary at tdhcosec@leacorporateservices.co.za, or from the offices of its sponsor, Questco Corporate Advisory Proprietary Limited, 33 Ballyclare Drive, Bryanston at no charge, from Monday to Friday during office hours.

DIRECTORS AND ADMINISTRATION

Executive directors: TA Vaughan, FH Esterhuysen, DA Harrop, KL Nordier
Non-executive directors: CH Wiese (alternate JD Wiese), HRW Troskie, MJ Roberts, LL Porter, KR Collins
Independent non-executive directors: HRW Troskie, MJ Roberts, LL Porter
Company secretary: PJ Janse van Rensburg
Transfer secretary: Computershare Investor Services (Pty) Ltd
Sponsor: Questco Corporate Advisory (Pty) Ltd