

TRADEHOLD REPORTS RAPID GROWTH IN SIZE AND PROFITABILITY

Tradehold's acquisition of the Collins Group's almost R8bn South African property portfolio and the strong growth of its UK operations substantially increased the size and profitability of the business in the year to February 2017.

The company, which reports its results in pound sterling, grew its asset base year-on-year by 213% from £319m to £998m while revenue grew 80% to £51.6m. Total profit attributable to shareholders stood 210% higher at £44.3m, up from £14.3m.

Despite an increase of almost 59 million in the number of shares in issue, mainly to fund the Collins acquisition, core headline earnings per share still increased by 112% to 13.8 pence from 6.5 pence. Net asset value per share rose by 40% to 119.4 pence.

The latest Collins transaction – Tradehold acquired its UK and Southern African portfolios in the previous financial year - was finalised in December so that its results were only consolidated with those of Tradehold for the final two months of the year.

“We therefore expect the acquisition to have a very material effect on Tradehold's results for the present financial year when its results will have been consolidated for the full 12 months,” Tradehold chairman Christo Wiese said.

The portfolio of 152 commercial, industrial and retail properties provides a yield of 9.45% on the purchase price. Wiese said the acquisition, which also brought into the fold a highly rated team of property asset managers and developers, presented Tradehold with a perfect fit while enabling it to grow its balance sheet aggressively to the point where it can in future engage in major property transactions both in Africa and the UK.

Wiese said the company's UK operations, held through the wholly-owned Moorgarth group, would remain the focal point of growth for the foreseeable future.

During the year Moorgarth grew the value of its portfolio by £36m to £174.2m (£218m if its interest in joint ventures are included). It acquired five new properties for £46.1m, some of them in joint ventures with the long established South African Moolman Property Group. Turnover increased by 76% to £28.8m while its contribution to group profits rose 121% to £18.1m.

“We performed well in a market in which the pro-Brexit vote in June 2016 created considerable volatility. But it also yielded a number of opportunities for us with many properties becoming available at attractive prices.

“By staying close to the market we were able to benefit from such opportunities. In one instance we bought a fully let property in Nottingham for £10.9m, costs included, and sold it a few months later for £14m to an overseas fund”.

Moorgarth's strong growth in turnover was due largely due to the expansion of its serviced-office interests through the takeover of leading central London serviced-office provider. The Boutique Workplace Company now operates 31 business centres in the capital offering more than 3 500 work stations.

“The serviced-office division enabled us to capitalise on the uncertainty and volatility in the market as companies, unwilling to enter into long-term commitments, sought

flexible solutions for their businesses, in the process turning increasingly to serviced-office accommodation,” Wiese said.

Friedrich Esterhuyse, joint chief executive responsible for South and Southern Africa, said the value of the company’s Southern African portfolio outside South Africa increased 90% from £62.8m to 119.3m while its contribution to total group profits escalated from £1.4m to £8.7m. A highlight of the year was the completion of the US\$45m residential development in Maputo with major long-term tenants the US Embassy and the oil-exploration company Anadarko.

Looking ahead Wiese said Moorgarth was well positioned to cope with and capitalise on present market conditions, with financial and political volatility likely to escalate in the UK in the coming months. While the UK would remain Tradehold’s primary focus, much attention was being paid to growing the newly acquired South African portfolio of primarily industrial buildings. At the same time, Tradehold Africa was continuing to strengthen its development pipeline, especially in Namibia.

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