TRADEHOLD LIMITED
(Registration number: 1970/009054/06)
Incorporated in the Republic of South Africa
JSE Ordinary Share code: TDH ISIN: ZAE000152658
JSE B Preference Share code: TDHBP ISIN: ZAE000253050
("Tradehold" or "the Group")

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF THE TRADEHOLD GROUP FOR THE YEAR TO 29 FEBRUARY 2020 AND CASH DIVIDEND DISTRIBUTION

KEY INFORMATION

- Total assets: £883 million (2019: £859 million)
- Headline earnings per share: 9.5 pence (2019: 8 pence)
- Profit before taxation: £17.4 million (2019: £14.2 million)
- Revenue: £94.6 million (2019: £96.4 million)
- Ordinary shareholders' equity: £282.7 million (2019: £287.2 million)
- Net profit attributable to ordinary shareholders: £5.99 million (2019: £13.2 million)
- Tangible net asset value per share: 120 pence/R24.05 (2019: 123.7 pence/R22.97).

Tradehold's net assets at the reporting date were split across the United Kingdom in pound sterling (42.3%), United States dollar assets in Africa (7.5%), and the balance in South African rand (50.2%). In South Africa it owns 74.3% of the Collins Property Group (after the investment by I-Group). In the UK it holds 100% of the Moorgarth Property Group, including a 90% stake in Boutique (previously known as The Boutique Workplace Company), a provider of serviced office accommodation in Greater London. Moorgarth owns a number of Boutique's sites.

FINANCIAL PERFORMANCE

Total assets now amount to £883 million (2019: £859 million). Revenue was £94.6 million (2019: £96.4 million) and profit before taxation increased to £17.4 million (2019: £14.2 million). Total profit attributable to shareholders decreased to £5.99 million (2019: £13.2 million), adversely affected by an increase in taxation payable of £6.6 million, mainly due to an increase in the deferred tax expense of Collins, and an increase in the non-controlling share by £3.6 million, mainly due to the I-Group non-controlling interest in Collins.

Headline earnings per share was 9.5 pence, up from 8 pence, and tangible net asset value per share (as defined by management) was 120 pence/R24.05, compared to 123.7 pence/R22.97 in the corresponding year.

The sum-of-the-parts valuation per share (as defined by management) was 122.8 pence/R24.6, compared to 126.5 pence/R23.50 in the corresponding period.

BUSINESS ENVIRONMENT

For Tradehold's subsidiaries the business environment remained extremely challenging. In South Africa, the economy already in recession, was dealt a further blow with a downgrade to junk status by the last of all the major international rating agencies; economic policy uncertainty has persisted and, with that, a lack of investor confidence. Eskom's inability to provide a consistent power supply has further inhibited growth while causing massive production losses in the mining sector. In this environment the economy grew by less than 1%, offering no relief as far as the high unemployment levels are concerned. We can expect that even greater demands will be made on the economy, with the country's already high public debt projected to rise significantly as a result of the prevailing COVID-19 pandemic.

In the UK, even before the coronavirus hit with such devastating effect, economists were predicting that 2020 would be another turbulent year of low economic growth of 1% at best. The final three months of the year with the run-up to the election and the uncertainties surrounding Brexit ever present, saw no growth at all. Little came of the expected "Boris Bounce" after the Conservative Party's resounding win.

BUSINESS ENVIRONMENT (continued)

Collins Group

Despite the extremely demanding business environment in which it operated, Collins Group enjoyed a good year, producing a considerably improved operating performance. This was mainly due to lease escalations in its long-term contracts and a significantly reduced net finance cost with a R500 million capital injection at the beginning of the year, used to bring down debt levels. These funds were part of the proceeds from a R833 million capital raise through the subscription of a 25.7% shareholding in Collins Group by U Reit Collins (Pty) Ltd (I-Group) early in the financial year. The injection of capital enabled the company to reduce its gearing, in the process lowering loan to value (LTV) from 67.5% to 61.8%. The company could also start restructuring its debt more efficiently.

In the year to February, Collins increased its profit by 55.8% from R206 million to R321 million.

Its property portfolio, valued at R8.8 billion and comprising largely industrial and commercial buildings, offers a total of about 1.5 million square metres of gross lettable area (GLA). The main focus remains quality industrial and distribution centres which represent about 83% of total GLA. As many corporates are at present postponing investment decisions, not many opportunities present themselves to grow the size of the portfolio at this stage. The Group nevertheless managed to develop five new properties. More than 80% of the rental income they generate is backed by 10- to 15-year leases. Among the new tenants are SPAR, Boxer and The Cure Day Clinic Group.

In addition to pursuing new opportunities, management's main focus was on protecting the income stream through meticulous attention to the needs of existing clients. They include Nampak, Sasol, Unilever, MassMart and Pep. Vacancies reduced to 1.26% at year-end from 1.95% at the half-year. The weighted average lease expiring profile remains at almost seven years.

As part of its defensive strategy introduced more than a year ago, Collins continued to dispose of non-core assets. Of the 37 mainly smaller commercial buildings originally identified for disposal, 26 have been sold to date, 16 during the reporting period. These 16 were sold for R158 million, at R26.3 million below book value. Several of these buildings had been standing vacant or carried a high covenant risk so the decision was to dispose of them even if it had to be at below book value.

For the foreseeable future management will continue to focus on protecting its income stream and on preserving and strengthening its cash resources. It has substantial operational cash resources with access to additional funds generated by the I-Group transaction. Management is confident in its resources to weather the present abnormal conditions for more than 12 months if necessary.

The total Collins portfolio was £438 million (R8 776.3 million) at the reporting date, compared with £464.7 million (R8 634 million) as at 28 February 2019. The value has been adversely affected by the currency deterioration of the South African rand to pound sterling (R20.04 at the reporting date compared to R18.58 at 28 February 2019).

Collins Group contributed £13.2 million (2019: £11.4 million) to net profit after minorities.

The Collins Group's total contribution to tangible net asset value per share is 59.3 pence (R11.88) (2019: 58.4 pence (R10.84)).

Moorgarth

Despite the turbulent and extremely challenging market conditions in the UK, Moorgarth achieved solid results for the year, and managed to report an operating profit of £5.5 million as against a budget of £5 million. The company had a number of its larger properties, including its shopping centres, revalued by external consultants at half-year and year-end, which led to an impairment of £13.6 million. The total value of its investment property at year end (including JV2) was £243.1 million.

During the reporting period the property industry, in particular the retail sector, like so many others was severely affected by a business environment still plagued by the uncertainties surrounding Brexit. An increasing number of retail tenants defaulted through insolvency or company voluntary arrangements (CVAs).

Despite market conditions, Moorgarth's vacancy rate within its retail estate reduced to 5.6% after taking into account all contracted new lettings concluded before the year end. Vacancy in its office portfolios was 0.9% and 1.3% in its leisure portfolio. This was achieved by management working proactively in securing new substantial lettings at its centres, in particular in Reading and Waverley in Edinburgh where vacancy rates saw the largest fall. New lettings in its office portfolio in both its central London and regional office estate also enabled the group to reduce its vacancy rate.

To increase their viability, Moorgarth embarked on an extensive programme of repurposing its centres to broaden their attraction for consumers. Footfall increased by between 11% and 15% in two of its larger centres, thanks to an expanded tenant mix to accommodate the rising demand for health and wellness, hospitality, entertainment and community-oriented facilities. The reliance on retail is being steadily reduced, to align with major changes in consumer buying trends, notably the rise in e-commerce.

BUSINESS ENVIRONMENT (continued)

Moorgarth (continued)

Other significant gains during the year include the finalisation of planning permission for the extension of Waverley Mall in Edinburgh; securing planning permission and a pre-let for a 101-bedroomed hotel in Reading; planning permission for 422 apartments on the roof of Broad Street Mall in Reading (a few days after year-end); formal planning permission for the redevelopment of its office property in Lime Street, City of London; and completing the refurbishment of its office in London Euston, now let to Boutique.

The objective for its shopping centre portfolio is to create a place where people live, work, shop and spend their free time – an almost self-sufficient community within the greater urban context. Planning consent has been obtained for all aspects of the project in Reading.

Moorgarth's share of group net profit was a loss of £8 million, against a profit of £4.2 million in 2019. The value of Moorgarth's portfolio (excluding IFRS 16 right-of-use assets) dropped to £239.6 million from £256.7 million if its interest in joint ventures (not reflected in the balance sheet) is included.

The decrease was mainly due to fair-value losses (excluding IFRS 16 fair-value losses on right-of-use assets) of £13.6 million (2019: gain of £393 481) on investment properties, as well as the re-classification of the office building occupied for 40% by Moorgarth and valued at £3.1 million, from investment properties to property plant and equipment during the year .

Moorgarth's contribution to tangible net asset value per share was 44.9 pence (R9) (2019: 49.6 pence (R9.21)).

Boutique

Moorgarth continues to work closely with its serviced office business Boutique (previously The Boutique Workplace Company or TBWC) in acquiring suitable properties, predominantly in Greater London, which are then refurbished to suit Boutique's needs. One such property is Connolly Works, a centrally located building in Euston. After its renovation, it was fully sublet by Boutique for a period of ten years.

Boutique, which offers flexible office accommodation as opposed to co-working space, operates from 31 buildings offering a total of 4 500 individual work stations with a pipeline under contract of a further 500. Unlike co-working, where different entities share desk space in an open office environment, Boutique provides clients with a traditional private office environment with access to shared facilities and breakout areas. Particularly in the present environment, this enables tenants to decide for themselves the extent of their contact with others, to maintain social-distancing requirements and manage their hygiene regimes independently.

Boutique performed well throughout the reporting period, maintaining an occupancy level of 92%. In addition, for the first time it achieved a monthly revenue exceeding £2 million. The company has also agreed a number of management contracts with third-party landlords aimed at increasing top-line sales while preserving cash.

Boutique's EBITDA (earnings before interest, tax, amortisation and depreciation) for the financial year was £2.1 million (2019: £1.7 million), before adjusting for the new IFRS 16 reporting requirements.

Nguni Group (Namibia)

Namibia's economy, which is heavily dependent on mining and agriculture, continued to contract during the reporting period. Tradehold owns a number of top-quality retail and commercial properties as well as some vacant land for development in that country. The retail properties form the core of the portfolio which, in total, offers some 60 000 square metres of gross lettable space, and the company owns shopping centres not only in Windhoek, the capital, but also in several of the larger towns. The latest addition is a 10 000 square metre shopping centre recently completed in Gobabis, east of Windhoek, which is anchored by Shoprite.

The value of the Namibian portfolio was £37 million (R743 million) at the reporting date, compared with £40.8 million (R757 million) on 28 February 2019. The value has been adversely affected by the currency deterioration of the South African rand to pound sterling (R20.04 at the reporting date compared to R18.58 at 28 February 2019), as well as fair-value losses of R22 million on investment properties during the year.

Namibia reported a net loss after minorities of £0.4 million (2019: net loss of £1.1 million). The improvement is mainly due to a lower fair-value loss on investment properties during the year of £1.2 million, compared to the 2019 loss of £2.3 million.

The Nguni Group's total contribution to tangible net asset value per share was 8.5 pence (R1.71) (2019: 9.6 pence (R1.79)).

BUSINESS ENVIRONMENT (continued)

Tradehold Africa Group (Mozambique, Botswana and Zambia)

The Group continued its strategy of selling all properties owned outside South Africa and Namibia. Of the three in Zambia, one – the Lusaka Hotel – has been sold while the prospective buyers have made a down-payment of 37% on the remaining two. During the course of the year it sold its last remaining property in Botswana so all that remains in the portfolio are three relatively small properties in Mozambique. Terms have been agreed for the sale of one of these.

The value of the portfolio decreased to £23.7 million from £26.5 million at the end of February 2019, mainly due to the disposal of the Lusaka Hotel in Zambia during the period under review. The company contributed £2.2 million to total group profits, compared to a net profit of £2.4 million for the corresponding period.

Tradehold Africa's total contribution to tangible net asset value per share is 7.3 pence (R1.47) (2019: 8.3 pence (R1.54)).

SHARE ISSUE AND REPURCHASE

On 18 June 2019 Tradehold issued 8 201 665 ordinary shares to shareholders electing the dividend re-investment alternative, in lieu of the cash dividend of 55 cents per ordinary share declared to ordinary shareholders on 21 May 2019.

On 1 April 2019, Tradehold withdrew the listing of 76 061 ordinary shares, acquired from shareholders in terms of an odd-lot and specific offer.

It repurchased 699 630 of its ordinary shares on the market during the reporting period, resulting in a total number of treasury shares held of 2 496 521 ordinary shares.

ORDINARY SHARE CASH DIVIDEND

The board initially anticipated declaring a gross cash dividend of 60 cents per ordinary share (2019: 55 cents) for the 12 months to February 2020. In the light of the great uncertainty brought about by the pandemic since year-end and the consequent need to preserve cash, the board has decided to declare a gross cash dividend of 30 cents per ordinary share on 21 May 2020. Depending on the results achieved in the six months to 31 August, the board may then declare an interim dividend, which will also mark the first time Tradehold has declared an interim dividend.

The dividend will reduce Tradehold's stated capital.

Notice is hereby given that the Directors have declared a gross cash dividend of 30 cents per Ordinary Share (2019: 55 cents) on 21 May 2020. 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.

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 for those shareholders who are not exempt from DT. Shareholders who are not exempt from DT will therefore receive a net dividend of 24 cents per Ordinary Share.

Tradehold has 261 346 570 Ordinary Shares in issue.

Tradehold Limited's income tax reference number is 9725/126/71/9.

The salient dates for the dividend will be as follows:

Declaration date	Thursday, 21 May 2020
Last date to trade cum dividend	Tuesday, 9 June 2020
Date trading commences ex dividend	Wednesday, 10 June 2020
Record date	Friday, 12 June 2020
Date of payment to shareholders	Monday, 15 June 2020

Share certificates may not be dematerialised or rematerialised between Wednesday, 10 June 2020, and Friday, 12 June 2020, both days inclusive.

COMMENTS ON THE RESULTS

In line with the requirements of IFRS 16, the group has accounted for right-of-use assets and lease liabilities for all high-value long-term lease liabilities previously accounted for as operating leases. The main disclosure changes are as follows:

	Audited year to 29/2/20 £000	Audited year to 28/2/19 £000
Statement of Comprehensive Income	**Profit/(loss)**	**Profit/(loss)**
Lease expenses	(27)	(7 536)
Net loss from fair-value adjustment on investment property right-of-use assets	(5 801)	–
Finance cost – interest expense on lease liabilities	(2 198)	–
Statement of Financial Position	**Asset/(liability)**	
Non-current assets – Investment properties right-of-use assets	49 021	–
Non-current liabilities – Lease liabilities	(48 953)	–
Statement of Changes in Equity		
Retained earnings – adoption of IFRS 16	(1 218)	–
Non-controlling interest – adoption of IFRS 16	(82)	–

The effect on the results of the fire damage at the St Catherine's Perth retail centre during the year was as follows:

	Audited year to 29/2/20 £000	Audited year to 28/2/19 £000
Statement of Comprehensive Income	**Profit/(loss)**	**Profit/(loss)**
Other operating income – fire insurance proceeds	5 176	–
Net loss from fair value adjustment on investment property – St Catherines Perth	(7 290)	–
Statement of Financial Position	**Asset/(liability)**	
Non-current assets – Investment properties	(7 290)	–
Current assets – Trade and other receivables	4 800	–

OUTLOOK

With the world in turmoil because of the pandemic there are just too many imponderables to try to predict what the new financial year will bring. However, what we do know, is that it will be an extremely demanding period with far-reaching effects for businesses everywhere and in every sphere of the economy. According to recent media reports, the UK economy could shrink by as much as 8.3% this year with the unemployment rate more than doubling to 10% as more than 2 million people lose their jobs. Then there are the added effects of Brexit and the UK's looming separation from its main markets. In South Africa, which is already in recession, the economy is contracting further due to the protracted lock-down and its effects, and it will take a long time to recover, whatever stimuli are introduced by government. The only certainty is that uncertainty will reign during the year with volatility bringing constant change.

CONFRONTING COVID-19

We believe the basic principles on which we have built Tradehold over the past few years – adapt, simplify and focus – offer us a realistic chance to confront and overcome the challenges brought on by the pandemic, even if it does continue beyond 2020. Our flexible culture also ensures we shall be better equipped at the end of it to benefit from new opportunities that present themselves.

Adapt

Pre-Covid this required adapting to the ever-changing real-estate environment especially in the UK. Doing so has led to an extensive, on-going programme of repurposing our four local shopping centres to reduce their dependence on traditional retail in the light of major changes in consumer buying patterns. These changes are designed to address more closely the needs of those living and working in the immediate vicinity of these centres to create stronger community hubs.

For some time, management has 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 back in 2013, with its present 4 500 work stations spread through buildings in Greater London. We believe this business is excellently positioned to benefit from the new work-from-home lifestyle likely to remain after the pandemic, coupled with a need by businesses for a physical presence in the major cities accommodating fewer employees on a more flexible basis.

In South Africa we are fortunate in that the bulk of our property portfolio comprises large-format industrial and distribution centres leased on long-term contracts to prominent local corporates. As in the UK, we have in South Africa experienced and creative management teams well equipped to manage the challenges presented by the pandemic.

Simplify

We are simplifying the group's structure, *inter alia* by reducing the number of countries in which we do business so we can focus all our attention on our primary markets. We have exited Botswana and have entered into agreements with potential buyers to do the same in Zambia. All that remain to be sold are three properties in Mozambique.

Focus

We are focusing on our core assets and, in doing so, selling non-core assets in South Africa, the UK and Namibia to free up capital. Similarly, if an attractive opportunity were to arise in the medium term, we would not be averse to withdrawing from Namibia.

For a considerable while now our focus has been on reducing debt levels. As part of these efforts we raised equity of R500 million for Collins Group while the proceeds from the sale of non-core assets are also used to reduce debt. Since year-end we have focused aggressively on cost and cash management on all levels in addition to tenant management and retention. Collins Group collected 87% of rent payable for the month of April 2020. This is a significant achievement under the circumstances and testament to the quality of the portfolio and of a hands-on management. Arrears are expected to hover around 5% of income collectable. This is post the granting of rent remissions to tenants in good standing who are providing non-essential services. This will hopefully be a once-off dip in rent collections. In the UK we are confident of collecting 67% of all rent for the March quarter (the 3 months beginning on the 25th of March).

In South Africa, we took advantage of the recent spike in long- term interest rates after year-end to unwind expensive, long-dated fixed-rate debt. This will enable us to immediately benefit from substantially lower interest rates on floating rate debt, positively impacting cash-flow for the local business. All these actions have put Tradehold in a strong position to weather the COVID-19 storm with the Group having access to sufficient liquidity for the foreseeable future.

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

The Listings Requirements require preliminary 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 financial statements from which the summary consolidated financial statements were derived 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 1 March 2019:

BASIS OF PRESENTATION AND ACCOUNTING POLICIES (continued)

Adoption of IFRS 16: Leases

IFRS 16 requires almost all leases to be recognised on the statement of financial position as the distinction between operating and finance leases is removed. For lessee contracts that were previously classified as operating leases, an asset (the right to use the leased item) and a financial liability to pay rentals are now recognised. The only exceptions are short term and low value leases. The accounting for lessors has not significantly changed.

The group has applied the simplified transition approach and has not restated comparative amounts for the prior year. Right-of-use assets for property leases were measured on transition as if the new rules had always been applied. All other right-of-use assets were measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

Right-of-use assets of £51.5 million and lease liabilities of £51.5 million were recognised on 1 March 2019. Overall net equity is approximately £1.2 million higher after minority interests.

Net profit after tax decreased by approximately £3 066 as a result of adopting the new rules.

Operating cash flows increased and financing cash flows decreased by approximately £5.8 million as repayment of the principal portion of the lease liabilities are classified as cash flows from financing activities.

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 preliminary report.

AUDIT OPINION

These summary consolidated financial statements for the year ended 29 February 2020 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the annual consolidated financial statements is available at http://www.tradehold.co.za/investor-centre/annual-reports or at the Group's registered office, together with the financial statements identified in the auditor's report.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the group financial director Karen Nordier BAcc, BCompt Hons, CA (SA).

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.

CHANGES TO COMPANY SECRETARY

The following changes to the Tradehold company secretary occurred during the financial year:
- Mettle Corporate Finance Proprietary Limited resigned as company secretary with effect from 1 September 2019.
- Mr Pieter Johan Janse van Rensburg has been appointed as company secretary with effect from 1 September 2019.

C H Wiese	**K L Nordier**
Chairman	*Director*

19 May 2020

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Tradehold Limited

Opinion

The summary consolidated financial statements of Tradehold Limited , set out on pages 9 to 22 of the preliminary report titled "Audited Summary Consolidated Financial Statements of the Tradehold Group for the year to 29 February 2020", which comprise the summary consolidated statement of financial position as at 29 February 2020, the summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Tradehold Limited for the year ended 29 February 2020.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in the basis of presentation and accounting policies of the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 21 May 2020. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

Director's Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in the basis of presentation and accounting policies of the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: JR de Villiers
Registered Auditor

Cape Town
21 May 2020

STATEMENT OF COMPREHENSIVE INCOME

(£'000)	Audited 12 months to 29/02/20	Audited 12 months to 28/02/19
Revenue	94 608	96 438
Other operating income	8 005	1 875
(Loss)/profit on disposal of investment properties	(1 419)	1 369
Net loss from fair value adjustment on investment property	(18 522)	(17 315)
Gain on disposal and scrapping of PPE (excluding buildings)		11
Net impairment losses on financial assets	(2 115)	(825)
Employee benefit expenses	(6 980)	(6 586)
Lease expenses	(27)	(7 536)
Depreciation, impairment and amortisation	(2 881)	(3 006)
Other operating costs	(19 025)	(21 166)
Trading profit	51 644	43 259
Loss on disposal of investments		(48)
(Loss)/gain on disposal of subsidiary	(100)	3 107
Impairment of intangibles	(59)	(115)
Fair value gain/(loss) on financial assets at fair value through profit or loss	6 645	8 773
Operating profit	58 130	54 976
Finance income	7 663	7 975
Finance cost	(47 247)	(51 241)
(Loss)/earnings from joint venture	(1 141)	2 473
Earnings from associated companies		13
Profit before taxation	17 405	14 196
Taxation	(7 242)	(664)
Profit for the year from continuing operations before non-controlling interest	10 163	13 532
Profit from operations held for distribution before non-controlling interest		296
Profit for the year before non-controlling interest	10 163	13 828
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
(Losses)/gains on cash flow hedges	(371)	320
Deferred tax on cash flow hedges	60	(59)
Exchange differences on translation of foreign operations	(15 777)	(19 496)
Items that may not be subsequently reclassified to profit or loss		
Revaluation of land and buildings	634	–
Total comprehensive income for the year	(5 291)	(5 407)
Profit attributable to:		
Owners of the parent	5 985	13 212
Non-controlling interest	4 178	616
	10 163	13 828
Total comprehensive income attributable to:		
Owners of the parent	(6 093)	(6 023)
Non-controlling interest	802	616
	(5 291)	(5 407)
Earnings per share (pence): basic		
– basic	2.3	5.3
– headline earnings	9.5	8.0
Number of shares for calculation of earnings per share ('000)	256 344	250 140
Earnings per share (pence): diluted		
– diluted	2.3	5.3
– headline earnings	9.4	8.0
Number of shares for calculation of diluted earnings per share ('000)	257 881	250 519

STATEMENT OF FINANCIAL POSITION

(£'000)	Audited 29/02/20	Audited 28/02/19
Non-current assets	826 306	805 592
Property, plant and equipment	11 312	9 336
Investment properties – fair value for accounting purposes	649 064	702 124
Investment property – straight lining lease income accrual	30 442	25 085
Investment properties – right-of-use assets	49 021	
Intangible assets	8 031	8 080
Deferred taxation	9 135	11 811
Investments accounted for using the equity method		
Investment in joint venture	12 312	11 328
Investments in associates	504	543
Derivative financial instruments	12 928	8 286
Financial assets at amortised cost:		
Loans to joint venture	16 376	18 371
Loans receivable	18 285	9 770
Other non-current assets	8 896	858
Current assets	57 547	53 434
Financial assets at fair value through profit and loss	7 697	7 548
Financial assets at amortised cost:		
Loans receivable	1 706	872
Loans to associates	5 578	6 488
Trade and other receivables	7 114	7 964
Other current assets	7 437	16 465
Taxation	13	308
Cash and cash equivalents	23 495	12 896
Assets classified as held for sale	4 507	893
Total assets	883 853	859 026
Equity	334 070	297 032
Ordinary shareholders' equity	282 667	287 161
Non-controlling interest	51 403	9 871
Non-current liabilities	494 937	506 793
Preference share liability	54 357	59 780
Long-term borrowings	346 542	401 101
Lease liabilities	43 149	
Derivative financial instruments	6 274	2 296
Deferred taxation	44 615	43 616
Current liabilities	54 846	55 201
Preference share liability	1 133	1 099
Short-term borrowings	22 836	27 120
Deferred revenue	6 683	6 335
Lease liabilities	5 804	—
Taxation	1 149	559
Bank overdrafts	—	638
Trade and other payables	17 241	19 450
Total liabilities	549 783	561 994
Total equity and liabilities	883 853	859 026

STATEMENT OF CHANGES IN EQUITY

(£'000)	**Audited 12 months to 29/02/20**	**Audited 12 months to 28/02/19**
Balance at beginning of the period	297 032	338 602
Profit for the year	10 163	13 827
Repurchase of ordinary shares by the company – odd lot and specific offer	(45)	
Dividends distributed to shareholders	(7 366)	(6 888)
Dividends reinvested by shareholders	5 526	4 879
Acquisition of treasury shares	(703)	(1 278)
Capital distribution		(28 947)
Disposal of share in subsidiary without loss of control	45 480	(3 706)
Transactions with minorities	(129)	
Capital reserve (Employee Share Option Scheme)	36	(76)
Distribution to minorities	(470)	(145)
Other comprehensive income for the year	(15 454)	(19 236)
Balance at the end of the period	334 070	297 032

STATEMENT OF CASH FLOWS

(£'000)	Audited 12 months to 29/02/20	Audited 12 months to 28/02/19
Cash flows from operating activities	13 107	(1 755)
Operating profit	58 130	54 976
Non-cash items	6 080	(1 001)
Changes in working capital	(2 677)	(7 047)
Interest received	2 346	4 333
Interest paid	(43 167)	(46 517)
Dividends paid to ordinary shareholders	(7 366)	(6 888)
Dividends to non-controlling interests	(470)	(145)
Taxation refunded/(paid)	231	534
Cash flows utilised in investing activities	6 006	39 166
Acquisition of investment properties	(12 101)	(15 221)
Acquisition of property, plant and equipment	(1 622)	(1 805)
Acquisition of financial assets	24	(84)
Proceeds on disposal of investment properties	10 877	54 258
Proceeds on disposal of property, plant and equipment	22	344
Proceeds on disposal of financial assets	853	1 729
Loans advanced to joint venture	(700)	(227)
Loans repaid by/(advanced to) associate undertaking	(393)	(94)
Loans and advances – issued	(18)	(580)
Loans and advances – repaid	9 064	846
Cash flows from financing activities	(7 841)	(41 002)
Proceeds from borrowings	61 083	99 793
Repayment of borrowings	(92 371)	(143 381)
Proceeds from ordinary share issue	5 526	4 879
Repurchase of ordinary shares	(45)	
Proceeds from preference share issue	2	2
Redemption of preference shares	(1 096)	(1 017)
Acquisition of treasury shares	(703)	(1 278)
Proceeds on disposal of interest in subsidiary that did not result in loss of control	25 567	
Principal portion of lease liability	(5 804)	–
Net increase/(decrease) in cash and cash equivalents	11 272	(3 591)
Effect of changes in exchange rate	(35)	(34)
Cash and cash equivalents at beginning of the year	12 258	15 883
Cash and cash equivalents at end of the year	23 495	12 258

NON CASH TRANSACTION

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

Investment by I Group Financial Holdings (Pty) Ltd

On 24 May 2019, I Group Financial Holdings (Pty) Ltd acquired 25.7% of the ordinary shares in Collins Property Projects (Pty) Ltd, the holding company of the group's portfolio of South African property assets. The consideration of R833 million was settled in cash of R500 million, and the balance of R333 million by means of an interest-bearing vendor loan.

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Twelve months to 29 February 2020 (audited)					
Property – United Kingdom	8 491	(3 825)	180 746	222 894	107 031
Property – South Africa	55 756	55 632	437 967	493 028	323 431
Property – Namibia	4 237	1 668	37 073	47 263	26 364
Property – Africa excluding Namibia and South Africa	2 679	3 010	23 720	33 693	13 884
Serviced office – United Kingdom	23 445	2 116	—	82 013	78 116
Other	—	(471)	—	4 962	957
	94 608	58 130	679 506	883 853	549 783
Twelve months to 28 February 2019 (audited)					
Property – United Kingdom	10 048	4 895	195 274	243 651	118 694
Property – South Africa	57 272	51 437	464 692	494 333	369 624
Property – Namibia	4 015	481	40 768	51 739	28 736
Property – Africa excluding Namibia and South Africa	3 700	1 639	26 475	34 762	12 722
Serviced office – United Kingdom	21 403	(437)	—	23 251	16 607
Other	—	(3 039)	—	11 290	15 612
	96 438	54 976	727 209	859 026	561 994

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

SUPPLEMENTARY INFORMATION

£'000			Audited 12 months to 29/02/20		Audited 12 months to 28/02/19
1	**Number of shares in issue ('000)**		258 391		251 424
2	**Net asset value per share (pence)**		109.4		114.2
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)		120.0		123.7
3	**Depreciation for the year**		2 881		2 742
4	**Capital expenditure for the year**		13 723		12 773
	Capital commitments contracted but not provided for at year-end are:				
	South Africa				
	Phase 1 of the Mzuri development by Imbali Props 21 (Pty) Ltd to be funded by Investec Ltd		1 228		2 594
	Inanda Spar development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd.		2 215		
5	**Calculation of headline earnings**	**Gross**	**Net**	**Gross**	**Net**
	Net profit		5 985		13 212
	Net loss from fair value adjustment on investment property	18 522	14 426	17 315	13 493
	Fair value adjustments from equity-accounted investments		2 004		(2 519)
	Loss/(gain) on disposal of investment properties	1 419	1 740	(1 369)	(1 274)
	Loss/(gain) on disposal of subsidiaries		100		(3 107)
	Loss on disposal of investments				48
	Impairment of intangible assets		59		115
	Gain on disposal of property, plant and equipment				(11)
			23 314		19 956
6	**Financial assets**				
	Unlisted investments at management valuation		3 006		2 586
	Unlisted investments at fund managers valuation		4 691		4 962
7	**Contingent liabilities**		–		3 759

8 **Related parties**

During the year 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 annual financial statements on consolidation.

SUPPLEMENTARY INFORMATION (continued)

9. Events after the reporting period

9.1 On 11 March 2020, the World Health Organisation ("WHO") declared COVID-19 a pandemic. Both the South African and United Kingdom governments curtailed business activities in an attempt to reduce the spread of COVID-19. The group has evaluated the likely impact on its cash flow forecast, its assessment of expected credit losses and the valuations of security held against its loan and trade receivables.

The group has evaluated whether the impact of COVID-19 is an adjusting or non-adjusting subsequent event. This is deemed a highly subjective exercise, and to that extent, the timeline of events in the various jurisdictions and financial impacts on the areas noted below were considered:

- the declaration of COVID-19 as a pandemic by the WHO;
- the dates on which various measures were taken by governments to curtail business activities;
- the first positive COVID-19 case in each jurisdiction;
- the first COVID-19 death in each jurisdiction; and
- the dates when scientific research was published outlining the likely effects of the disease on human life.

Based on its assessment for the group's 29 February 2020 financial year end, it has concluded that the impact of COVID-19 is a non-adjusting post balance sheet event in respect of its South Africa, Namibia and Africa operations, but provided more evidence about conditions that already existed at the balance sheet date for its United Kingdom operations.

Please refer below for disclosure relating to the nature and financial impact assessments performed:

9.2 Impact on South Africa operations

The first case was reported in South Africa on 5 March 2020, following which on 15 March 2020, the South African government declared a national state of disaster with partial travel ban, closing of schools and no gathering with more than a 100. With the rise in infections, the contagious nature of the virus, a more dramatic and pronounced form of national intervention was required. As a result, a national lockdown for a 21 day period was implemented at midnight on 26 March 2020, in an unprecedented limitation of freedom of movement and personal freedoms in the post-1994 constitutional democracy. This was a firm response from the National government to the growing global and local pandemic in order to attempt containment from the spread of new infections and isolate those already infected. With initial progress promising, the rate of infections has increased coupled with insufficient testing, this resulted in a second phase lockdown announced on 9 April 2002, which extended the lockdown by 14 days and made the new date for the end of the lockdown to be midnight on 30 April 2020. With the above playing a significant role in post-reporting period operations and results, management has taken to assess the going concern of the SA group and to understand the potential impacts and how to negate these. Below follows a summary of management's response and assessments:

Investment property valuations

The portfolio can be broken down into the following categories of investment property:

Industrial – the impact of the national lockdown on the valuations is regarded as low. The majority of the portfolio comprises of national tenants who have sufficient cash reserves or have been operational during the lockdown. Where the tenant is not national, negotiations are in place with assist the tenant with rental remissions and a view to ensure normal lease terms are in place as soon as possible. There have been no changes to any of the larger industrial leases and payment on the vast majority has not been effected by COVID-19. Concessions granted to tenants vary depending on the tenants' line of business. If they have been able to trade the full rental has been called for and received. Tenants who have not been able to trade have been negotiated with and rental has either been deferred or remitted. No lease terms have been changed as a result of COVID-19.

Offices – the impact of the national lockdown on the valuations is regarded as low. The majority of the portfolio comprises of Government tenants and day-care facilities who have are operational during the lockdown. Where the tenant is not governmental and have shutdown, there has been no loss of tenants to date due to their operation closing down with management taking the stance of allowing a rental remission to assist the tenants with restarting their operations.

Retail – the impact of the national lockdown on the valuations is regarded as moderate. The majority of the portfolio is tenants who have not been operational during the lockdown, being deemed as non-essential (restaurants etc.). Where the tenant has been operating there is no change in value but management have considered the impact of the shutdown on those tenants where operations have been curtailed, to the date of this report there has been no loss of tenants but rental remissions have been offered.

Residential – the impact of the national lockdown on the valuations is regarded as nil. The property is under-construction.

With a view to the above, management is of the opinion there is no impact on the fair values of the properties. The existing values already take into account various factors such as vacancies and cash flow constraints on the property values. The impact of COVID-19 will have an impact but only once the lockdown ceases and is expected to have a future impact on the valuations in the next financial year.

SUPPLEMENTARY INFORMATION (continued)

9. Events after the reporting period (continued)

9.2 Impact on South Africa operations (continued)

Expected Credit Losses

Impact on Tenants – the existing IFRS 9 considerations have remained in place. Management have made new assessments across the portfolio and the potential impact is regarded as low as the majority of tenants outstanding at year end have paid their balances and ongoing bad debt assessments of all tenants have continued in line with the group policy.
Impact on Loans receivable – all loans receivables are backed by a signed agreement, and regardless of losses from COVID-19 will be settled when called on upon. The overall impact of the above is regarded as low.

Borrowings

The financial covenants have not been in breach due to the impact of COVID-19. Management took the decision before financial year end to settle the more expensive debt, which has continued after year end. Various fixed interest rate facilities have been re-negotiated and an aggressive debt reduction programme was undertaken to lower expensive debt in light of the ongoing bond market upheaval due to the pandemic. Further, as the impact of the lockdown and pandemic grew, management has engaged with the various lenders to obtain payment holidays, interest roll ups and assistance with debt obligations. All this has been done with a view to extend the assistance to tenants via rent remissions and operational assistance. The process is ongoing and will be assessed constantly by management.

Going concern

Under a worst case scenario the group anticipates that there would be approximately 20 months of liquid cash reserves available to negate the impact of the pandemic. The assumptions are that all tenants operating as essential services or manufacturers of essential goods/components would continue to be classified as such and pay their full rental due per their lease agreement. There may be other tenant fall out due to COVID-19 but the quantification of the full impact is at an early stage. However, the group does not have a large retail portfolio which management believes will be the hardest hit sector, and within our retail portfolio the group has relatively low reliance on line shops. Based on the above factors, management regards the group as having sufficient operational and financial capacity to continue operations, albeit in a significantly more constrained trading environment, with opportunities for growth to be identified.

9.3 Impact on United Kingdom operations

The first reported cases of COVID-19 in the UK were announced on 29 January 2020. The government's strategy was initially one of containment to delay the spread of the disease. As the UK, European and Global number of cases rapidly increased however, the government strategy markedly changed in March. On 23 March 2020 the UK government imposed a lockdown on the whole population, involving a ban on non-essential travel, the requirement for all to work at home, the closure of schools and many businesses.

The Coronavirus Act of 2020 granted the government emergency powers to enforce the lockdown, though the population was seen to largely respect the new guidelines. Prime Minister Boris Johnson declared in late April that the UK was past the peak level of cases, but as of May 2020 the UK had suffered more than 200,000 confirmed cases and in excess of 32,000 deaths. The impact of the outbreak on the economy and business during the post year end period has been significant, though government has introduced a number of measures to soften the blow and support the economy through the lockdown. Management assess here the impact of the lockdown on Tradehold's UK operations.

Investment property valuations

The current UK portfolio makeup over the past 12 months has seen a reducing exposure to retail, and we expect this will be a continuing trend. With only 50% exposure to the retail sector, the mixed nature of the group's portfolio, in particular to the office sector, has meant the negative sentiment to retail has had less of an impact.
Retail – the short term operational impact of the lockdown has been significant for tenants. The Bolton and Waverley shopping centres have been closed, with tenants unable to trade whilst Reading and Rutherglen have remained open for essential retail. It is anticipated that the June rent quarter will see a significant reduction in the collection of rent due from retail tenants, but this rent remains legally due, and Moorgarth anticipate that any agreed deferments or other arrears will be collected, largely within a 12 month period.
Offices – the impact of the lockdown on the valuations is regarded as low. The majority of the portfolio by value is located in strong, central London locations and fully let.

Management's view is that there is no impact on the fair values of the properties for the reporting period; the existing values take into account various factors such as vacancies and cash flow constraints on the property values. Contracted rents remain due, though the timing of their collection may be delayed. COVID-19 may negatively impact property valuations in future periods, but it will only be possible to assess the impact once the Government lockdown relaxation strategies become clearer, the knock on impact of those on trading and business performance in the short and medium terms, and the longer term impact on the economy can be determined.

SUPPLEMENTARY INFORMATION (continued)

9. Events after the reporting period (continued)

9.3 Impact on United Kingdom operations (continued)

Expected Credit Losses

Impact on accounts receivable – management assess the impact as low, as the majority of income is charged and collected in advance.
Impact on Loans receivable – the largest amount is that due from Inception Reading S.àr.l. Management performed a specific IFRS9 calculation as to the recoverability of this loan and are satisfied that the valuable planning consent for a significant residential development post year end, further supports the recoverability of this balance.

Borrowings

The UK business has debt from HSBC, Canada Life and RMB (via Tradegro S.àr.l), and is compliant with the covenant requirements under each facility. Due to the cost of the debt (part fixed and part variable) and the on-going low interest rate environment in the UK, management is confident of continuing to service all UK debt.

UK Management has kept all 3 banks regularly updated with the impact of COVID-19 on the business, and has received assurances that, should any covenant waivers be required in the future, then each bank would be sympathetic to such requests. Management believes that banks will focus on actual debt service, with less emphasis at this time on ICR and LTV covenants.

The UK government has taken strong policy steps to mitigate the impact of COVID-19 on the UK economy, with measures designed to increase banks' liquidity to enable them to support business. The specific measures include:

- a relaxation of the required capital ratios imposed on the banks;
- a block on bank dividends in Q1 2020.

Going concern

COVID-19 has undoubtedly had a sharp, immediate negative effect on the UK economy. Tradehold's UK portfolio is not immune to the economic downturn, but management feel that the business is well placed to trade through the period, based on the following 2 key factors:

1. The UK business held £10.5m in cash at year end, and has prepared a stress tested 16 month cashflow forecast to 30 June 2021, based on the following key assumptions:
   - A reduction in budgeted income throughout the forecast period
   - A material reduction in rents collected during the period, with the largest impact felt between May and October
   - the UK business services all HSBC and Canada Life debt in full, and pays the interest on the RMB debt, with Tradegro S.àr.l meeting the capital repayments.

   On this basis the UK business expects to hold £3.1m of liquid cash reserves in June 2021.

2. Tradehold's UK management expects to service debt and to comply with banking covenants on UK debt during the forecast period. On the RMB portfolio of UK assets (where the borrower is Tradehold Limited), management forecasts suggest that complying with the UK (rather than Tradehold) ICR covenant may be at risk during the forecast period. Based on discussions to date however, management is confident that all the banks, and specifically RMB, would be supportive should any covenant waivers be required in the future.

   Consequently, management is confident that the UK operation has the financial resources to trade through the COVID inspired lockdown working closely with its banks, notwithstanding the on-going reduction in rent collection.

SUPPLEMENTARY INFORMATION (continued)

10 Goodwill

		Audited 12 months to 29/02/20	Audited 12 months to 28/02/19
10.1	Cost	8 031	8 145
	Accumulated impairment losses	—	(124)
		8 031	8 021
10.2	**Cost**		
	Balance at beginning of year	8 145	9 051
	Acquisition	10	43
	Disposals/Transfer to assets held for sale		(720)
	Foreign currency translation movements	(124)	(229)
	Balance at end of year	8 031	8 145
10.3	**Accumulated impairment losses**		
	Balance at beginning of year	(124)	
	Impairment losses recognised in the year		(115)
	Foreign currency translation movements	124	(9)
		—	(124)

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 as the main geography, and the type of business is property. Goodwill is monitored by management at the operating segment level. The following is a summary of the goodwill allocation for each applicable operating segment:

Twelve months to 29 February 2020 (audited)	Opening	Additions	Disposals		Impairment	Foreign currency translation movements	Closing
UK property – serviced offices	8 021	10	—	—	—	—	8 031
Other	—	—					—
Total	8 021	10					8 031

Twelve months to 28 February 2019 (audited)	Opening	Additions	Disposals		Impairment	Foreign currency translation movements	Closing
SA short-term lending							—
UK property – serviced offices	8 010	11					8 021
Other	1 041	33	(720)		(115)	(239)	—
Total	9 051	44	(720)		(115)	(239)	8 021

SUPPLEMENTARY INFORMATION (continued)

10 Goodwill

10.4.1 The goodwill allocated to the UK property segment has been determined to be the serviced office business owned by subsidiaries held by the Group.

No impairment charge arose as a result of the impairment test (2019: 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.

	Audited 29/02/20	Audited 28/02/19
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:		
WACC	5.37%	5.90%
Growth rate	4.50%	7.80%
Sustainable growth rate	–	–
The principal assumptions where impairment occurs are as follows:		
WACC	16.02%	14.03%
Growth rate	(6.30%)	(30.60%)
Sustainable growth rate	–	–

11 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:

29 February 2020

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	7.7	0.2	–	–	–
Derivatives	12.9	5.6	–	–	–
Loans to joint venture	16.4	–	1.4	–	–
Loans to associates	5.6	–	0.2	–	–
Loans receivable	20.0	–	1.9	–	–
Trade and other receivables	7.1	–	–	–	–
Other assets	16.3	–		(0.9)	–
Cash and cash equivalents	23.5	–	0.4	–	–
Liabilities (£'million)					
Long-term borrowings	346.5	–	–	(36.7)	–
Derivatives	6.3	–	–	3.7	–
Preference shares	55.4	–	–	(4.8)	–
Deferred revenue	6.7	6.4	–	–	–
Short-term borrowings	22.8	–	–	(2.5)	–
Bank overdrafts	0.0	–	–	–	–
Trade and other payables	17.2	–	–	–	–
Lease liabilities	49.0	–	–	(2.2)	–

SUPPLEMENTARY INFORMATION (continued)

11 Fair value of financial instruments (continued)

28 February 2019

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	7.5	0.2	–	–	–
Derivatives	8.3	8.6	–	–	–
Loans to joint venture	16.3	–	1.3	–	(1.4)
Loans to associates	6.5	–	1.0	–	(0.4)
Loans and trade receivables	10.6	–	–	–	(0.3)
Other receivables	8.3	–	–	–	–
Cash and cash equivalents	12.9	–	0.3	–	–
Liabilities (£'million)					
Long-term borrowings	401.1	–	–	(40.2)	–
Derivatives	2.3	–	–	(4.3)	–
Preference shares	60.8	–	–	(5.1)	–
Deferred revenue	6.3	5.6	–	–	–
Short-term borrowings	27.1	–	–	(4.7)	–
Bank overdrafts	0.6	–	–	–	–
Trade and other payables	19.4	–	–	(0.8)	–

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.

SUPPLEMENTARY INFORMATION (continued)

12 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 29 February 2020:

	Audited 29/02/20		
Assets	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
Equity securities			7 697
Trading derivatives			
South Africa CPI hedge		12 928	
Non-financial assets at fair value through profit or loss			
Investment properties			679 506
Total assets		12 928	687 203
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		5 900	
Derivatives used for hedging			
Interest rate contracts		374	
Financial liabilities at amortised cost			
Preference shares		55 435	54
Borrowings			369 378
Total liabilities		61 709	369 432

	Audited 28/02/19		
Assets	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
Securities			7 548
Trading derivatives			
Cross currency swap		8 286	
Non-financial assets at fair value through profit or loss			
Investment properties			727 209
Total assets		8 286	734 757
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		2 236	
Derivatives used for hedging			
Interest rate contracts		60	
Financial liabilities at amortised cost			
Preference shares		60 823	56
Borrowings			428 221
Total liabilities		63 119	428 277

SUPPLEMENTARY INFORMATION (continued)

12 Fair value hierarchy (continued)

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 period-end. The key observable inputs are rental yields and vacancy rates.

	United Kingdom	South Africa	Namibia	Rest of Africa
Should property yields increase by 1%, the valuations would be lower by approximately	32 316	43 870	4 162	4 129
Should property yields decrease by 1%, the valuations would be higher by approximately	47 180	54 060	5 561	14 776
Should property vacancy rates increase by 1%, the valuations would be lower by approximately	1 911	4 660	637	242
Should property vacancy rates decrease by 1%, the valuations would be higher by approximately	2 079	3 770	271	242

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.

Reconciliation of recurring level 3 fair value financial instruments:

	Audited 29/02/20	**Audited 28/02/19**
Investment Properties		
At beginning of year	727 209	841 647
Additions	12 101	10 968
Acquired through change in control of associate to subsidiary	1 789	4 252
Capitalisation of borrowing costs	825	979
Foreign currency translation differences	(37 552)	(69 222)
Disposals	(12 296)	(52 890)
Transfer to property, plant and equipment	(3 077)	
Transfer to assets held for resale	(4 442)	(893)
Straight line lease adjustment	7 670	9 683
Net gain from fair value adjustments on investment property	(12 721)	(17 315)
At end of year	679 506	727 209
Financial assets		
At beginning of year	7 548	5 886
Additions	—	84
Foreign currency translation differences	(8)	
Disposals	(41)	
Loss of controlling interest in subsidiary	—	2 586
Fair value gain	1 010	191
Distribution received	(812)	(1 198)
At end of year	7 697	7 548

DIRECTORATE AND ADMINISTRATION

Directorate

C H Wiese (78) †
B A, LL B, D Com (HC)
Chairman

K R Collins (48) +

L L Porter (68) *°
B A, BSc, DPhil, FBCS, CITP
Appointed on 2 May 2018

M J Roberts (73) *+°
B A

H R W Troskie (50) *+
B Juris, LL B, LL M

J D Wiese (39) †
B A, LL B, M Com
alternate to C H Wiese

T A Vaughan (54)
B Sc Hons, MRICS

F H Esterhuyse (50)
B Acc Hons, M Com, CA(SA)

K L Nordier (53) #°
B Acc, BCompt Hons, CA (SA)
Financial director

D A Harrop (50)
B A Hons, ACA

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
Suite 1408 Portside Building
4 Bree Street
Cape Town 8001

Sponsor
Questco Corporate Advisory (Pty) Ltd
First Floor Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston 2021

Registrars
Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown 2107
Telephone: +27 11 370 5000
Facsimile: +27 11 370 5487

Registered office/number
Tradehold Limited
Registration number 1970/009054/06
Incorporated in the Republic of South Africa
36 Stellenberg Road
Parow Industria 7493
PO Box 6100
Parow East 7501
Telephone: +27 21 929 4800
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Telephone: +356 214 463 77

Auditors
PricewaterhouseCoopers Inc