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 28 February 2022 and cash dividend declaration

Collins group, Trident Steel, Roodekop, SA

Moorgarth, Grays Inn Road, London, UK

Boutique, Colmore Row, Birmingham, UK

Key information

Total assets: £830 million (2021: £817 million)

Headline earnings per share: 6.1 pence (2021: loss 1.9 pence)

Revenue: £ 79.2 million (2021: £74.3 million)

Ordinary shareholders' equity: £240.2 million (2021: £225.2 million)

Net profit attributable to ordinary shareholders: £20.3 million (2021: net loss £39.7 million)

Tangible net asset value per share: 101.3 pence/R20.96 (2021: 94 pence/R19.75)

Final dividend: of 30 cents per ordinary share declared.

Tradehold's net assets at the reporting date were split across the United Kingdom in pound sterling (38.8%), United States dollar assets in Africa (7.5%), Euro assets in Austria (6%) and the balance in South African rand (47.7%). In South Africa it owns 74.3% of the Collins Property Group. In the UK it holds 100% of the Moorgarth Property Group, including a 90% stake in Boutique, a provider of flexible office accommodation in London, Oxford and Birmingham.

Financial performance

- The group reported a net profit of £20.3 million, an increase of close to £60 million over last year's loss of £39.7 million. The prior year's loss was mainly due to £39 million of non-cash investment property devaluation losses resulting from the Covid-19 pandemic, and interest rate hedge unwind breakage costs of £11 million. The current year's net profit includes non-cash investment property fair value gains of £10 million.
- Total assets now amount to £830 million (2021: £817 million) while revenue was £79.2 million (2021: £74.3 million).
- Headline earnings per share was 6.1 pence, up from last year's loss of 1.9 pence, and tangible net asset value per share (as defined by management) was 101.3 pence/R20.96, compared to 94 pence/R19.75 in the corresponding year.

Operational performance

- The Collins Group managed to collect 98.8% of all income due.
- Collins reported a profit before minorities of R574 million against a loss in the 2021 financial year.
- Moorgarth managed to collect more than 90% of all rent due across its portfolio, a performance above the UK's market average.
- Boutique's occupancy rate recovered from 67% during the height of the pandemic to 85% in the past financial year.

Collins Group

Over many years, Collins has been working towards diversifying its portfolio. Its primary focus is on industrial space and distribution centres that together account for 77% of its gross lettable area (GLA) of 1.5 million m² while of the remaining 23%, 18% is retail and 5% offices. The total value of its portfolio has increased to £463 million (R9 584 million) from £444 million (R9 311 million) a year ago.

The nature and composition of the portfolio has largely buffered the company against the impact of the pandemic, with a 98.8% collection rate achieved of all income due. Currently, 69% of local income is derived from tenants listed on the JSE. OBI, Europe's third largest DIY retailer, accounts for 95% of Collins' offshore income.

At the end of the financial year the weighted average lease expiry date (WALE) was 5.7 years, a factor which considerably lowers the company's vacancy risk in the short term. Although still low at 2.5%, the total vacancies in the portfolio for the year were slightly up from the 2.3% in 2021. 18% of the available office space was vacant, which is not dissimilar to the general trend in office accommodation in South Africa. Although this represents only 0.4% of the total portfolio, Collins is continuing to sell off office buildings.

To help improve energy efficiency, reduce carbon emissions and contribute to the fight against climate change, the company has covered 64 000m² of roof space with solar panels, while another 170 000m² are under consideration. Where underground water is available, boreholes are being drilled to reduce tenant dependence on municipal supplies.

Collins is working continuously to reduce the cost of debt, that dropped to an average of 7.5%. Of total debt, 52% is fixed while 30% of rental income escalates directly with the consumer price index (CPI), therefore directly and indirectly 82% of total debt is hedged against interest rate movements.

In the year to February, Collins reported a profit before minorities of R574 million, significantly up from last year's comparable loss of R183.5 million, mainly due to fair value gains on investment property revaluations of R422 million (2021: fair value loss of R180 million), and last year's once off non-cash losses on the unwinding of CPI and fixed interest rate hedges of R228.7 million.

Collins' contribution to the group's net profit after minorities was £16.7 million (2021: loss of £6.9 million).

Moorgarth

This has been an extremely challenging time for business in the UK. Further lockdowns at the beginning of the financial year, followed by intermittent partial lockdowns and closures, severely hampered economic recovery. Emergency strategies embedded at the start of the pandemic in 2020 to minimise capital spend and reduce operating costs while implementing innovative ways of driving sales and revenue, continued during the year. Bank support was maintained throughout the period.

Moorgarth managed to collect more than 90% of all rent due across the portfolio, a performance above market average. This, *inter alia*, enabled the company to continue servicing all its debt, including capital repayments and interest, in full for the reporting period.

With shopping centres having proven particularly vulnerable to changes in global retail trends, Moorgarth has continued its efforts to reduce its exposure to retail, now representing 51% of the total value of its portfolio if its interest in joint ventures (not reflected in the balance sheet) is included. The balance comprises mostly commercial properties, some of which have been acquired with Boutique occupying as a tenant.

The pending sale of its major co-owned retail complex in Reading near London which was reported on at half-year, has progressed slower than expected. Income from its other major shopping centre, Market Place Bolton in Greater Manchester, was considerably curtailed by the insolvency of its anchor tenant, Debenhams, in May 2021. Plans are afoot to reconfigure the vacant space for a range of new tenants.

Moorgarth's contribution to the group net profit was £4.3 million against a loss of £31.1 million in 2021. Last year's loss was mainly due to non-cash investment property devaluations of £33 million due to the Covid-19 pandemic, compared to devaluation losses of £1.4 million for the current year.

The value of Moorgarth's portfolio (excluding IFRS 16 right-of-use assets) dropped to £199.4 million from £217.8 million if its interest in joint ventures (not reflected in the balance sheet) is included. The decrease is mainly due to its Lime Street investment properties of £15.5 million reclassified from investment property to held for sale at year-end.

Operational performance (continued)

Boutique

Boutique, previously known as The Boutique Workplace Company, provides flexible office accommodation in 33 buildings in Greater London, Oxford and Birmingham. Five of these are owned by Moorgarth, who are seeking to acquire more properties suited to Boutique's needs.

During the full year Boutique remained cash-positive as it has throughout the pandemic and was able to meet all its debt obligations without any additional borrowing. Management believes the pandemic has irrevocably changed the office market; with conventional large, centralised offices on traditional leases slowly evolving to more managed and flexi spaces. Cost certainty, occupational flexibility and attractive working environments to ensure operational flexibility in a dynamic and ever-changing market, are requirements Boutique believes it is well positioned to satisfy due to the type of buildings it occupies.

Boutique's EBITDA (earnings before interest, tax, amortisation and depreciation) for the financial year was a loss of £697 000 (2021: earnings of £364 000), before adjusting for the IFRS 16 reporting requirements.

Nguni Group (Namibia)

The Namibian portfolio comprises mainly retail and office accommodation. In a country where GDP has dropped by close to 22% since 2018, rental reversions have become increasingly prevalent as tenants struggle in an ailing economy. As a consequence, rental income on a like-for-like basis dropped 5%. This tendency is not expected to be reversed in the short term.

The value of the Namibian portfolio was £34.8 million (N$720 million) at the reporting date, unchanged from last year's value. It reported a net profit after minorities but before group interest, of £724 000 (2021: net profit of £25 000).

Tradehold Africa Group (Mozambique and Zambia)

The value of the portfolio, which consists of a very small number of properties, increased to £22 million from £20.9 million at the end of February 2021 due to investment property fair value gains and favourable currency movements on the USD to GBP. The company contributed a net profit of £1.5 million to the total group profit, compared to a net profit before group interest of £1.6 million for the corresponding period. All the properties in the portfolio have been up for sale for a while.

Share repurchase

Tradehold repurchased 16 870 of its ordinary shares on the market during the reporting period, resulting in a total number of treasury shares held of 4 383 460 ordinary shares at year-end.

Ordinary share cash dividend

The board of directors of Tradehold (the "Board") declared a gross cash dividend of 30 cents per ordinary share on 23 May 2022. The cash used for this purpose is Tradehold's share of the distributions made by the Collins Group every six months in terms of the agreement with its minority shareholders. The dividend will reduce Tradehold's stated capital.

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

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.

Ordinary share cash dividend (continued)

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

The salient dates for the dividend are as follows:	
Declaration date	Monday, 23 May 2022
Last date to trade cum dividend	Tuesday, 7 June 2022
Date trading commences ex dividend	Wednesday, 8 June 2022
Record date	Friday, 10 June 2022
Date of payment to shareholders	Monday, 13 June 2022

Share certificates may not be dematerialised or rematerialised between Wednesday, 8 June 2022, and Friday, 10 June 2022, both days inclusive.

Going concern

The group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 31 August 2023. After servicing all interest and amortisation on borrowings, the forecasts show sufficient cash levels as a buffer against unforeseen events.

Despite the adverse effect of the Covid-19 pandemic, group cash balances have remained healthy at £20.2 million (down by 20.4% from 2021 but only down by 13.9% from 2020 levels).

The group results have shown considerable improvement since the previous year, when the Covid-19 pandemic first adversely impacted the group results:

- revenue has increased by 6.7% (2021: decreased by 21%);
- investment properties were valued upwards by £15.7 million (2021: devalued by £33 million);
- net profit has increased to £20.3 million compare to the prior year loss of £39.7 million (or loss of £29 million after adjusting for the Collins once-off breakage fees in 2021);
- earnings from joint venture have increased from a loss of £11.4 million in 2021 (of which £8.2 million is disclosed as an impairment loss on loans to JV's) to a profit of £290 000 (after an impairment loss on JV loans of £722 000);
- the current ratio is still in a net current liability position, with a deficit of £54.3 million at the year end, but this is due to the reclassification of former long-term borrowings refinanced successfully after the year end;
- the loan to value ratio has improved to 62% from 64% in 2021, thus allowing for more headroom on borrowing covenants.

Debt covenants are compliant throughout the group, with the exception of the RMB B listed preference shares debt (£55.7 million) and the HSBC facility of Boutique (£5.2 million). Full covenant waivers have since been obtained for both facilities. The Waverley HSBC facility (£14.3 million) was in breach for part of the year, but is now compliant.

RMB preference shares

Three (2021: four) out of six RMB B preference shares covenants were in breach at the reporting date as presented below:

Intrinsic NAV not less than £300 million:	actual £285.6m, breach £14.4 million (2021: £269 million, breach £31 million)
Loan to Value portfolio properties not more than 65%:	actual 85.1% breach; cure required £13.1 million (2021: breach 80.3%)
Vacancy Rate portfolio properties not less than 85%:	actual 62.4% breach (2021: breach 80.7%)

The main reason for the Intrinsic NAV covenant breach is the investment property devaluations on the United Kingdom properties in the prior year.

The main reason for the remaining covenant breaches is the adverse performance of the main funded asset, Market Place Bolton, due to a loss of anchor tenants during the pandemic in the previous financial year, exacerbated by government enforced closures for most of the previous financial year. The RMB facility funds several Moorgarth assets, and the debt has continued to be serviced through Moorgarth operational cash.

Subsequent to the reporting date, RMB has waived all covenant breaches, and the B Preference Share facility has been formally extended until 31 August 2023.

Management is comfortable that the group will have sufficient liquidity at its disposal to service as well as repay/refinance this debt to long term through the following strategies:

- sufficient liquidity available in the Collins Group, which is forecast to increase;
- proceeds from the potential disposal of three assets already earmarked for sale in the United Kingdom (including the liquidation of an interest in a property fund); and
- proceeds from the disposal of assets in Africa outside South Africa.

In addition, management believes progress will be made in the coming months on letting the voids at Market Place Bolton which are expected to have a positive effect on valuations.

Going concern (continued)

Boutique

All Boutique look-back covenants have been waived during the period. EBITDA based Interest Cover Ratio (ICR) calculations have been hit hard by the impact Covid-19 had on trading. EBITDA is recovering but it will take time for that recovery to be reflected in look back testing covenant calculations. HSBC are supportive whilst the business recovers and have waived covenants in the year as required. HSBC have provided verbal assurance that waivers will be provided against any future covenant breaches, although these will be granted as and when required, as is the nature of HSBC's operations and consistent with the way in which covenant waivers have been issued to date. Boutique has fully serviced its interest and debt repayments over the Covid-19 affected period and holds cash reserves of £2 million at 28 February 2022. Boutique's cash flow forecasts show the continued service of interest and capital and a positive cash position throughout the period to August 2023. Forecasts show that all forward looking covenant tests will pass during the following financial year and look back tests will approach compliance by the final quarter of the 2023 financial year. This information has been shared with HSBC and HSBC have indicated continued support of waivers required. A summary of the waivers granted to date is set out below:

	quarter to 20.7.21	quarter to 20.10.21	quarter to 20.1.22	quarter to 20.4.22
Historic ICR (looking back)	-0.625	-1.291	-5.856	-8.82
Test	4.0	4.0	4.0	4.0
Historic Debt Service Cover Ratio (looking back)	-0.171	-0.341	-1.526	-2.277
Test	1.25	1.25	1.25	1.25
Status	Waived	Waived	Waived	Waived

The directors of Boutique believe it is appropriate for Boutique to be considered a going concern for the following reasons:

- Covenant breaches which may be considered an area of risk were caused by impacts of trading through Covid-19, this was a factor that impacted the whole economy and was not reflective of Boutique's trading performance of ability to continue to trade.
- Boutique has made a recovery from this situation and is forecasting profits for the next financial year
- The breaches in question have either been formally waived by HSBC, thus pose no risk, or for future breaches assurance has been obtained of the ongoing support of HSBC to waive these, it is simply an internal process of HSBC that waivers are only issued in 6 monthly instalments.
- Breaches within its future forecasting are purely in relation to look back periods, Boutique has already successfully traded through these periods, so these periods' results are not reflective of the going concern of the business moving forward.
- Throughout the period of covenant breach Boutique continued to meet its financing obligations; breaches were purely a reporting issue and did not impact the operational and financial cash flow performance of the business.
- Future cashflow projections show that Boutique is able to meet future financial obligations; the only cashflow restrictions shown in the forecast are caused by future expansion, which will only go ahead if provided with group financing support. Should such support be unavailable, the planned expansion projects will be put on hold and operational cashflows will support the liabilities to HSBC.
- HSBC is not the only source of financing for Boutique; if HSBC were to withdraw its funding, Boutique is confident of its ability to draw on intergroup funding to bridge the financing gap until another lender is identified.

Going concern (continued)

Waverley

Although Waverley Market in Edinburgh (held in a joint venture and thus not consolidated) required Interest Cover Ratio (ICR) covenant waivers during the year due to the enforced Covid-19 closure period, its HSBC facility is now fully covenant compliant. This facility is secured by the property, and as such, not guaranteed by any Tradehold group company.

HSBC have continued to be supportive, and a formal covenant waiver for the breach at April 2021 was obtained. As collections take time to recover to historic levels, HSBC addressed subsequent ICR tests at risk, by reducing the required ICR and Debt Service Cover Ratios (DSCR) for July and October 2021. Since then Covid-19 restrictions have been lifted by the Scottish government, rent recoveries have improved and new lettings are now generating substantially greater income. As a result of the positive improvements in rent collections all covenants are now fully compliant.

Following the letting of substantial space to Department of Work and Pensions, covenants are expected to be met throughout the 2023 financial year.

A summary of the covenant tests for the year is set out below:

	Quarter to 20.4.21	Quarter to 20.7.21	Quarter to 20.10.21	Quarter to 20.1.22	Quarter to 20.4.22
Historic ICR (looking back)	124.7%	186.7%	254.3%	275.7%	309.2%
Test	200%	175%	175%	200%	200%
Historic DSCR (looking back)	78.5%	116.7%	158.7%	171.9%	193.4%
Test	125%	110%	110%	125%	125%
Status	Waived	Reduced	Reduced	Compliant	Compliant

Net current ratio

Although the group is reporting a net current liability position, the reason is mainly due to the following adjustments which, once reclassified to long-term in the coming financial year, are expected to restore the group to a comfortable net current asset position:

(i) reclassification of the RMB preference share borrowings of £49 million and the related derivative of £6.7 million to current borrowing, due to the scheduled repayment date of June 2022. This facility has been formally extended after the reporting date, by 14 months until 31 August 2023.

(ii) reclassification of Africa operations borrowings of £3.2 million secured by a property with a long lease to BAT in the process of being refinanced for a further 5 year term, to current borrowings. The refinance process is advanced but not yet completed at the reporting date.

Management is confident that the borrowings will be successfully refinanced, and that the group's significant net current liability position will return to a net current asset position by the next reporting date.

The group has strong operational and financial capacity to continue operations throughout the going concern period and beyond, sound banking relationships with its funders, as well as strategies and opportunities to release cash for liquidity if required. The directors therefore consider the going concern assumption to be appropriate in the presentation of the financial statements as at 28 February 2022.

Outlook

Although the effects of the pandemic are slowly beginning to diminish, new challenges are facing our operations in South Africa as well as the UK.

Collins, largely focused on KZN, had nine properties affected by the recent devastating floods in that province. Although the damages are still being assessed, Collins is adequately insured against any loss.

As far as the UK is concerned, its recovery , as with many countries, is being hampered by inflation, continuing trading issues following Brexit and now the war in Ukraine. The group's management teams, toughened by the enormous challenges of the pandemic, will continue to restructure their portfolio and repurpose assets where necessary to adapt to the changing market and find new opportunities to acquire buildings with Boutique as tenant throughout the UK.

Boutique finds itself in a good space in a growing market for flexible office accommodation that can be rapidly tailored to specific tenant needs. The UK businesses will work closely together to find new opportunities for growth and expansion. Boutique expects to return to profitability in the 2023 financial year.

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.

Audit opinion

These summary consolidated financial statements for the year ended 28 February 2022 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 summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are 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 respective auditor's reports.

Preparation of financial results

The preparation of the financial results was supervised by the group financial director, Karen Nordier BAcc, BAcc 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.

Resignation of director

Mr David Anthony Harrop resigned from the Board with effect from 20 May 2021.

CH WIESE
CHAIRMAN

KL NORDIER
DIRECTOR

23 May 2022

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, contained in the accompanying preliminary report, which comprise the summary consolidated statement of financial position as at 28 February 2022, 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 28 February 2022.

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 note 1 to 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 23 May 2022. 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 note 1 to 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
South Africa

23 May 2022

Statement of comprehensive income

£'000	Audited 12 months to 28/02/22	Restated* Audited 12 months to 28/02/21
Revenue	79 239	74 274
Other operating income	2 735	1 193
Profit/(loss) on disposal of investment properties	1 640	(817)
Net gain/(loss) from fair value adjustment on investment property	10 142	(38 662)
Gain on disposal and scrapping of PPE (excluding buildings)	1	4
Impairment gains/(losses) on financial assets	378	(9 587)
Employee benefit expenses	(6 521)	(5 903)
Lease expenses	(28)	(24)
Depreciation, impairment and amortisation	(1 757)	(2 350)
Other operating costs	(18 698)	(14 130)
Trading profit	67 131	3 998
Gain/(loss) on disposal of financial assets	332	(62)
Net fair value losses on financial assets at fair value through profit or loss	(1 617)	(2 171)
Operating profit	65 846	1 765
Finance income	4 588	5 646
Finance cost	(32 382)	(44 821)
Earnings/(loss) from joint venture	1 012	(3 219)
Loss from associated companies	—	(474)
Profit/(loss) before taxation	39 064	(41 103)
Taxation	(9 288)	(833)
Profit/(loss) for the year before non-controlling interest	29 776	(41 936)
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Gains on cash flow hedges	435	80
Deferred tax on cash flow hedges	(109)	(5)
Exchange differences on translation of foreign operations	2 146	(11 199)
Items that may not be subsequently reclassified to profit or loss		
Revaluation of land and buildings		
Total comprehensive income/(loss) for the year	32 248	(53 060)
Profit/(loss) attributable to:		
Owners of the parent	20 278	(39 709)
Non-controlling interest	9 498	(2 227)
	29 776	(41 936)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	22 526	(48 882)
Non-controlling interest	9 722	(4 178)
	32 248	(53 060)
Earnings per share (pence): basic	7.9	(15.4)
Number of shares for calculation of earnings per share ('000)	256 963	257 701
Earnings per share (pence): diluted	7.9	(15.2)
Number of shares for calculation of diluted earnings per share ('000)	257 267	260 658

* Comparatives have been restated for the reclassification of a security deposit from Long-term borrowings to Loans receivable as detailed in note 2

Statement of financial position

(£'000)	Audited 28/02/22	Restated* Audited 28/02/21
Non-current assets	756 659	761 185
Property, plant and equipment	7 886	9 181
Investment properties – fair value for accounting purposes	633 998	631 551
Investment property – straight lining lease income accrual	32 609	31 315
Investment properties – right-of-use assets	37 184	40 640
Intangible assets	8 031	8 031
Deferred taxation	7 569	6 567
Investments accounted for using the equity method		
Investment in joint venture	10 103	9 092
Investments in associates		
Derivative financial instruments		
Financial assets at amortised cost:		
Loans to joint venture	9 979	9 893
Loans receivable	3 312	7 723
Other non-current assets	5 988	7 192
Current assets	56 720	55 124
Financial assets at fair value through profit and loss	4 514	4 081
Derivative financial instruments	88	
Financial assets at amortised cost:		
Loans receivable	17 723	10 156
Loans to associates	6 009	5 468
Trade and other receivables	5 953	6 293
Other current assets	2 209	3 718
Cash and cash equivalents	20 224	25 408
Assets classified as held for sale	17 036	954
Total assets	830 415	817 263
Equity	292 114	269 760
Ordinary shareholders' equity	240 260	225 249
Non-controlling interest	51 854	44 511
Non-current liabilities	427 685	433 591
Preference share liability	52	52
Long-term borrowings	349 267	357 852
Lease liabilities	29 735	35 111
Derivative financial instruments	2 017	347
Deferred taxation	46 614	40 229
Current liabilities	110 616	113 912
Preference share liability	49 081	49 574
Short-term borrowings	23 058	23 817
Deferred revenue	5 685	6 500
Lease liabilities	7 383	5 464
Derivative financial instruments	6 732	7 731
Taxation	1 850	1 050
Trade and other payables	16 827	19 776
Total liabilities	538 301	547 503
Total equity and liabilities	830 415	817 263

* Comparatives have been restated for the reclassification of a security deposit from Long-term borrowings to Loans receivable as detailed in Note 2

Statement of changes in equity

(£'000)	Audited 12 months to 28/02/22	Audited 12 months to 28/02/21
Balance at beginning of the period	269 760	334 070
Profit for the year	29 776	(41 936)
Dividends distributed to shareholders	(7 615)	(7 399)
Acquisition of treasury shares	(7)	(564)
Acquisition of subsidiary – Austria		(654)
Capital reserve (Employee Share Option Scheme)	107	82
Distribution to minorities	(2 379)	(2 714)
Other comprehensive income for the year	2 472	(11 125)
Balance at the end of the period	292 114	269 760

Statement of cash flows

(£'000)	Audited 12 months to 28/02/22	Restated* Audited 12 months to 28/02/21
Cash flows from operating activities	13 574	20 225
Operating profit/(loss)	65 846	1 765
Non-cash items	(9 883)	50 584
Changes in working capital	(265)	10 258
Interest received	1 720	1 466
Interest paid	(30 374)	(32 417)
Dividends paid to ordinary shareholders	(7 615)	(7 399)
Dividends to non-controlling interests	(2 379)	(2 714)
Taxation refunded/(paid)	(3 476)	(1 318)
Cash flows from /(utilised in) investing activities	(1 095)	(17 453)
Acquisition of investment properties	(5 150)	(30 102)
Acquisition of property, plant and equipment	(490)	(413)
Proceeds on disposal of investment properties	7 837	10 040
Proceeds on disposal of property, plant and equipment	70	45
Proceeds on disposal of investments	–	2 819
Loans advanced to joint venture	–	(875)
Loans advanced to associate undertaking	(282)	(205)
Loans repaid by associate undertaking	132	44
Loans and advances – issued	(3 554)	(10 545)
Loans and advances – repaid	342	11 739
Cash flows from financing activities	(17 625)	(902)
Proceeds from borrowings	69 416	163 567
Repayment of borrowings	(80 262)	(154 849)
Settlement of derivative	(146)	(415)
Redemption of preference shares	(1 226)	(3 178)
Acquisition of treasury shares	(7)	(563)
Principal elements of lease payments	(5 400)	(5 464)
Net increase/(decrease) in cash and cash equivalents	(5 146)	1 870
Effect of changes in exchange rate	(38)	43
Cash and cash equivalents at beginning of the year	25 408	23 495
Cash and cash equivalents at end of the year	20 224	25 408

* Comparatives have been restated for the reclassification of a security deposit from Long-term borrowings to Loans receivable as detailed in Note 2

Segmental analysis

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Twelve months to 28 February 2022 (audited)					
Property – United Kingdom	5 958	5 703	146 498	189 991	99 582
Property – South Africa	46 565	54 871	433 363	471 586	323 947
Property – Austria	3 366	3 998	30 164	31 729	17 276
Property – Namibia	2 975	2 225	34 780	43 678	22 911
Property – Africa excluding Namibia and South Africa	2 218	1 983	22 099	28 881	12 651
Serviced office – United Kingdom	18 157	(1 973)	36 887	64 203	61 526
Other	—	(961)	—	347	408
	79 239	65 846	703 791	830 415	538 301
Twelve months to 28 February 2021 (audited)					
Property – United Kingdom	6 615	(27 962)	168 731	188 420	101 996
Property – South Africa	43 938	25 722	415 718	450 819	323 882
Property – Austria	—	—	28 826	30 552	15 342
Property – Namibia	3 001	1 902	34 841	43 646	23 628
Property – Africa excluding Namibia and South Africa	2 319	2 239	20 883	28 327	11 896
Serviced office – United Kingdom	18 401	999	34 507	74 849	70 352
Other	—	(1 135)	—	650	407
	74 274	1 765	703 506	817 263	547 503

The revenue of property United Kingdom is shown after deduction of intersegment revenue of £2.99 million received from the serviced office segment.

Notes to the condensed consolidated interim financial statements

1 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 2021:

Covid-19-Related Rent Concessions beyond 30 June 2021- Amendment to IFRS 16

Under the optional practical expedient for lessees from assessing whether a covid-19 related rent concession from a lessor is a lease modification, the group elected to account for any change in lease payments resulting from covid-19 related rent concession in the same way it would if the change were not a lease modification.

Following the amendment, the practical expedient period has now been extended to apply to rent concessions for which any reduction in lease payments affects payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

Interest rate benchmark reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when benchmark interest rates such as LIBOR and other interbank offered rates (IBOR) are replaced with alternative nearly risk-free interest rates ("RFRs").

The amendments include the following practical expedients:

- Provided the transition from an IBOR benchmark rate to a RFR is on an economically equivalent basis with no value transfer occurring, a practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

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.

Notes (continued)

2 Two security guarantees receivable from Nedbank Limited by the South Africa property operations were disclosed as a reduction of the applicable borrowings to which they relate during the previous financial year. During the current financial year it was identified that legal set-off against the borrowings from Nedbank Limited is not permissible, and consequently the two receivables have been reallocated to Loans receivable, requiring the prior year restatements.

The restatement had the following impact:

£'000	Audited 12 months to 28/02/22	Restated 12 months to 28/02/21	Previously reported 12 months to 28/02/21
Statement of financial position			
Non-current assets - Loans receivable		7 723	7 553
Current assets - Loans receivable		10 156	613
Non-current liabilities - Long term borrowings		357 852	348 139
Statement of comprehensive income			
Finance income		5 646	5 310
Finance cost		(44 821)	(44 485)
Statement of cash flows			
Interest received		1 466	1 130
Interest paid		(32 417)	(32 081)
Loans and advances - issued		(10 545)	(833)
Loans and advances - repaid		11 739	11 734
Proceeds from borrowings		163 567	153 855
Repayment of borrowings		(154 849)	(154 844)

	£'000		Audited
3	**Number of shares in issue net of treasury shares ('000)**	256 963	256 980
4	**Net asset value per share (pence)**	93.5	87.7
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)	101.3	94.0
5	**Depreciation for the year**	1 755	2 350
6	**Net gain/(loss) from fair value adjustment on investment property**	10 142	(38 662)
7	**Capital expenditure for the year**	5 640	30 515
	Capital commitments contracted but not provided for at year-end are:		
	South Africa		
	Inanda Spar: development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd.	803	1 446
	Uitzicht: development by Colkru Investments (Pty) Ltd to be funded by Investec.	913	
	Tenant installation: improvement to existing and additional rental units for an existing tenant of Imbali Props 21 (Pty) Ltd, and the works are expected to be self-funded or via bank funding. This will be done over the course of the next financial period.	610	
	Professional fees for the Vergelegen (Mzuri) property development, to be funded via group loans.	464	

Notes (continued)

	£'000		Audited 12 months to 28/02/22		Audited 12 months to 28/02/21
8	**Headline earnings**				
	Basic headline earnings per share (pence)		6.1		(1.9)
	Diluted headline earnings par share (pence)		6.1		(1.9)
	Calculation of headline earnings	**Gross**	**Net**	**Gross**	**Net**
	Net profit		20 278		(39 709)
	Net (gain)/loss from fair value adjustment on investment property	(10 142)	(2 762)	38 662	30 020
	Fair value adjustments from equity-accounted investments		(482)		3 612
	(Gain)/Loss on disposal of investment properties	(1 640)	(1 027)	817	1 056
	(Gain)/Loss on disposal of financial assets		(332)		62
	Gain on disposal of property, plant and equipment		(1)		(4)
			15 674		(4 963)
9	**Financial assets**				
	Unlisted investments at fund managers valuation		4 514		4 081

10 Contingent liabilities

South Africa

Acquisition of Austrian investment and property companies – the adjustment account between sellers and the Group is still to be concluded, with the anticipated date of completion for this process is on or after 31 May 2022. As a result, there is an anticipated but unquantified amount which will need to be adjusted for on the acquisition date accounts for the finalisation of accounts, the outcome of the finalisation is expected to result in a receivable for the group against the seller.

11 Related parties

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

12 Events after the reporting period

The entity is in breach of several of its financial covenants measured at the reporting date on its redeemable listed B preference shares issued to FirstRand Bank Ltd (RMB) , and RMB has, subsequent to the reporting date, waived all non-compliance as well as extended the facility, which is redeemable on 20 June 2022, up to 31 August 2023.

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

Assets held for sale are highly probable to have all unconditional sale terms fulfilled after the reporting period.

The recent floods in parts of KwaZulu-Natal have affected nine Collins group investment properties. Management currently estimates the cost of the flood damage at around R100 million, against which the business is adequately insured. Clearance of the flooded sites is underway, and the full extent of the damage can only be assessed once this process has been completed.

Subsequent to the year end an offer to acquire all the assets and liabilities of the United Kingdom operations Moorgarth and Boutique was received. The offer is subject to a number of conditions including vendor finance and shareholder approval. The Board has agreed to progress the proposed disposal and the legal and regulatory process to give effect thereto has commenced. A cautionary announcement in this regard was published on SENS on 23 May 2022.

Notes (continued)

13 Goodwill

		Audited 12 months to 28/02/22	Audited 12 months to 28/02/21
13.1	**Cost**	8 031	8 031
	Accumulated impairment losses		
		8 031	8 031
13.2	**Cost**		
	Balance at beginning of year	8 031	8 031
	Acquisition	—	—
	Foreign currency translation movements		
	Balance at end of year	8 031	8 031

13.3 Allocation of goodwill to cash-generating units

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

Twelve months to 28 February 2022 (audited)	Opening	Additions	Closing
Boutique	8 031	—	8 031

Twelve months to 28 February 2021 (audited)	Opening	Additions	Closing
Boutique	8 031	—	8 031

13.3.1 Impairment review

Goodwill is assessed for impairment annually, irrespective of whether there is any indication of impairment.

No impairment charge arose as a result of the impairment test (2021: 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 28/02/22	Audited 28/02/21
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:		
Pre-tax discount rate	4.50%	4.46%
Growth rate	21.50%	2.70%
Sustainable growth rate	0.00%	0.00%
The principal assumptions where impairment occurs are as follows:		
Pre-tax discount rate	22.75%	10.29%
Growth rate	-8.30%	0.00%
Sustainable growth rate	0.00%	0.00%

Notes (continued)

14 Financial instruments

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

28 February 2022

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

28 February 2021

Assets (£'million)	Restated* Carrying value	Net (losses)/ gains	Restated* Total interest income	Restated* Total interest expense	Impairment
Financial asset at fair value through profit or loss	4.1	(3.6)	—	—	–
Derivatives	—	(1.2)	—	—	–
Loans to joint venture	9.9	—	1.3	—	(8.2)
Loans to associates	5.5	—	—	—	–
Loans receivable	17.9	—	1.0	—	–
Trade and other receivables	6.3	—	—	—	–
Other assets	10.9	—	—	—	–
Cash and cash equivalents	25.4	—	—	—	–
Liabilities (£'million)					
Long-term borrowings	357.8	—	—	(28.6)	–
Derivatives	8.1	(2.0)	—	0.3	–
Preference shares	49.6	—	—	(3.4)	–
Deferred revenue	6.5	—	—	—	–
Short-term borrowings	23.8	1.6	—	(0.6)	–
Trade and other payables	19.8	—	—	—	–

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

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

Notes (continued)

15 Fair value measurement of financial instruments

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

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

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

Audited 28/02/22

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Equity securities			4 514
Derivatives used for hedging			
Interest rate contracts		88	
Non-financial assets at fair value through profit or loss			
Investment properties			703 791
Total assets		88	708 305
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency and interest rate swap		8 749	
Financial liabilities at amortised cost			
Preference shares		49 081	52
Borrowings			372 325
Total liabilities		57 830	372 377

Audited 28/02/21

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Equity securities			4 081
Trading derivatives			
South Africa CPI hedge			
Non-financial assets at fair value through profit or loss			
Investment properties			703 506
Total assets			707 587
Liabilities			Restated*
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		7 731	
Derivatives used for hedging			
Interest rate contracts		347	
Financial liabilities at amortised cost			
Preference shares		49 574	52
Borrowings			381 669
Total liabilities		57 652	381 721

Notes (continued)

15 Fair value measurement of financial instruments (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 reporting date. The key observable inputs are rental yields and vacancy rates.

	1% increase in capitalisation rate	1% decrease in capitalisation rate	5% increase in vacancy rate	5% decrease in vacancy rate	10% increase in market rents	10% decrease in market rents
United Kingdom investment properties	(26 452)	35 503	(585)	585	12 188	(15 300)
South Africa and Austria investment properties	(45 563)	55 598	(21 418)	7 464	53 511	(55 043)
Namibia investment properties	(4 440)	5 556	2 302	(1 234)	(4 406)	4 407
Africa investment properties	(216)	257	(153)	67	302	(302)

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 28/02/22	Audited 28/02/21
Investment Properties		
At beginning of year	703 506	728 527
Additions – direct acquisitions South Africa	—	15 991
Additions – direct acquisitions Austria	—	28 826
Construction/development/improvements	5 150	3 750
Capitalisation of borrowing costs	873	597
Foreign currency translation differences	5 573	(23 146)
Disposals	(6 197)	(10 857)
Loss due to civil unrest – South Africa	(1 232)	—
Transfer to assets held for resale	(17 000)	(954)
Straight line lease adjustment	869	2 212
Net gain/(loss) from fair value adjustments on investment property	15 705	(33 058)
Movements on right-of-use investment property assets:		
Adjustment for rent increase	(426)	—
Additions	2 529	4 429
Disposals	—	(7 186)
Net loss from fair value adjustments on investment property	(5 563)	(5 605)
Foreign currency translation differences	4	(20)
At end of year	703 791	703 506
Financial assets		
At beginning of year	4 081	7 697
Foreign currency translation differences	2	(1)
Disposals		(2 600)
Fair value gain/(loss)	431	(1 017)
Distribution received	—	2
At end of year	4 514	4 081

Directorate and administration

Directorate

C H Wiese (80)†
B A, LL B, D Com (HC)
Chairman

K R Collins (50)+

L L Porter (70)*°
B A, BSc, DPhil, FBCS, CITP

M J Roberts (75)*+°
B A

P Roelofse (44)
B Acc (Cum Laude), B Acc Hons, CA(SA), CFA

H R W Troskie (52)*+
B Juris, LL B, LL M

J D Wiese (41)†
B A, LL B, M Com
alternate to C H Wiese

T A Vaughan (56)#
B Sc Hons, MRICS

F H Esterhuyse (52)#
B Acc Hons, M Com, CA(SA)

K L Nordier (55)#°
B Acc, B Acc Hons, CA (SA)
Financial director

D A Harrop (52)#
B A Hons, ACA
Resigned on 20 May 2021

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

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