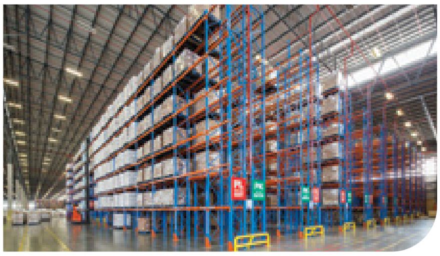
TRADEHOLD LIMITED
(Registration number: 1970/009054/06)
Incorporated in the Republic of South Africa
JSE Ordinary Share code: TDH ISIN: ZAE000152658
JSE B Preference Share code: TDHBP ISIN: ZAE000253050
("Tradehold" or "the Group")

AUDITED SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF THE TRADEHOLD GROUP AND CASH DIVIDEND DECLARATION

FOR THE YEAR TO 28 FEBRUARY 2021

KEY INFORMATION



- **TOTAL ASSETS:** £808 MILLION (2020: £883 MILLION)
- **HEADLINE LOSS PER SHARE:** 1.9 PENCE (2020: EARNINGS 9.5 PENCE)
- **REVENUE:** £74.3 MILLION (2020: £94.6 MILLION)
- **ORDINARY SHAREHOLDERS' EQUITY:** £225.2 MILLION (2020: £282.7 MILLION)
- **NET LOSS ATTRIBUTABLE TO ORDINARY SHAREHOLDERS:** £39.7 MILLION (2020: NET PROFIT £5.99 MILLION)
- **TANGIBLE NET ASSET VALUE PER SHARE:** 94 PENCE/R19.75 (2020: 120 PENCE/R24.05)
- **FINAL DIVIDEND:** 30 CENTS PER ORDINARY SHARE DECLARED

Tradehold's net assets at the reporting date were split across the United Kingdom in pound sterling (40.4%), United States dollar assets in Africa (8%), Euro assets in Austria (6.8%) and the balance in South African rand (44.8%). 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 Greater London. Moorgarth owns a number of Boutique's sites.

FINANCIAL PERFORMANCE

Although the group reported a net loss of £39.7 million, £44.5 million of this is due to non-cash investment property devaluations resulting from the Covid-19 pandemic, of which £33 million relates to its United Kingdom properties. A further non-cash loss of £10.7m was incurred, which is not Covid related and comprises a once-off breakage costs on Collins fixed rate hedge unwinds, part of a debt restructure which has contributed to a reduction in interest cost from an average of 11.3% to 8.4% (approximately R80 million saving per year). Tradehold ended the year with an improved cash position of £25.4 million and declared a final dividend of 30 cents per ordinary share (60 cents in total for the year).

Total assets now amount to £808 million (2020: £883 million). The decrease is mainly due to a reduction in Moorgarth's total assets of £41.6 million, resulting from losses on fair value adjustments to investment properties (including lease assets) of £27 million, and losses from joint ventures of £11.4 million. Collins total assets have decreased by £21.3 million due to the adverse effects of the deterioration in the exchange rate of the ZAR against £ on Collins total assets. Revenue was £74.3 million (2020: £94.6 million).

OPERATIONAL PERFORMANCE

- Collins has nimbly adapted to a much-changed environment, succeeding in collecting 97% of all rent due (including remissions of R30 million). Vacancies were contained at just 2.3% while maintaining a 6.5 year weighted average lease expiry profile.
- Collins exceeded its pre-pandemic budget, achieving a net operating profit before tax (before once-off items) of R297 million.
- Collins made its first offshore investment to diversify currency and geography. Six properties were acquired in Austria, all underpinned by ten-year leases to OBI, Europe's largest DIY retailer.
- In the UK, market conditions negatively impacted retail that now accounts for 37% of Moorgarth's portfolio from 54% the previous year. This, as footfall in major cities dropped by as much as 85% and online shopping grew from 19% to over 40% as a result of Covid-19.
- Moorgarth has stepped up efforts to curtail its exposure to traditional retail. Even with the disruption of three lockdowns, it still achieved recoveries of 78% of total rent due (including write-offs and concessions).
- Boutique is well-poised to benefit from the global shift to a more flexible working environment. It achieved a positive EBITDA of £364 000 in a year disrupted by three lockdowns.

Collins Group

A significant step for the group was making its first offshore investment. Just before year-end it bought six properties with a combined gross lettable area (GLA) of more than 50 000 square metres in Austria. The new properties, which constitute 7% of Collins's overall portfolio and have a combined value of R604 million (€33.2 million), are all underpinned by ten-year leases to OBI, the largest DIY retailer in Europe. All were bought at a 7% net operating income yield.

Management intends to further pursue such overseas investments in established markets to achieve currency and market diversification and provide local investors with an opportunity to spread their risk and exposure.

Locally, negative growth, very weak demand and a glut of stock have impacted property companies. Nevertheless, Collins achieved revenue growth of 3.4%, excluding straight-line rental adjustments, Covid remissions on a like-for-like basis and excluding sold and new acquisitions. This performance was enhanced by long-term leases, with the weighted average expiry date maintained at 6.5 years.

Despite the extremely difficult trading environment, Collins managed to restrict vacancies to a low 2.3% across the portfolio, with its combined GLA of close to 1.5 million square metres. During the year 176 000 square metres of new lettings were achieved. Industrial and convenience retail in South Africa, which together represent 88% of the total portfolio, held up well. Vacancies in the company's South African retail division improved from 6% to 4.9%.

Despite cash-flow difficulties experienced by many businesses, Collins succeeded in collecting 97% of what was due and payable during the year, a reflection of the quality of its tenants. Currently, 78% of its revenue is derived from large national and/or listed companies.

Collins is constantly looking at ways to reduce the cost of debt to increase profitability. It was able to reduce average cost of debt from 11.3% to 8.4%, with 75% of that debt still fixed. This was achieved by breaking long-dates fixes in March last year when the long bond ran, and unwinding an inflation-linked hedge and using the proceeds from that gain (R228 million) to break and refix R1.5 billion of debt. The overall debt restructuring was achieved at a total cash cost of just R8 million, with an interest saving of approximately R80 million per annum.

In the year to February, Collins reported a loss before minorities of R183.5 million, significantly down from last year's comparable profit of R330.8 million, mainly due to once off non-cash losses on the unwinding of CPI and fixed interest rate hedges of R228.7 million, and fair value losses on properties of R180 million (2020: fair value gain of R177 million).

The total Collins portfolio was £444 million (R9 310.8 million) at the reporting date, compared with £438 million (R8 776.3 million) as at 29 February 2020, boosted by the acquisition of a portfolio of Austrian retail properties valued at R604 million. The pound value has been adversely affected by the currency deterioration of the South African rand to pound sterling (R20.96 at the reporting date compared to R20.04 at 29 February 2020).

The Collins Group share of group net loss after minorities was a loss of £6.9 million (2020: profit £13.2 million).

The Collins Group's total contribution to tangible net asset value per share is 47.7 pence (R9.99) (2020: 59.3 pence (R11.88)).

OPERATIONAL PERFORMANCE (CONTINUED)

Moorgarth

The global pandemic, combined with the last-minute settlement reached with Brexit, created a tumultuous year in the UK. The economy plunged almost 10%, its largest fall in history. This was largely the result of three lockdowns during the year. Non-essential shops, pubs and restaurants were forced to close while all leisure activity was effectively placed on hold.

Despite such setbacks, Moorgarth showed remarkable resilience, with rent recoveries maintained at 78% of total amounts due. This is after deducting write-offs that were limited to 7% on rent and 5% on service charges. This contrasts with rent collections elsewhere of 20% to 50% in shopping centres across the UK.

Market conditions impacted retail which represent 37% of Moorgarth's portfolio by value (2020: 54%). The reduction is in part due to repurposing spaces but also reduction in value. These properties were unavoidably affected by as much as an 85% drop in footfall in the country's major cities, compounded by the rise in on-line shopping from 19% in the previous financial year to over 40%. This is expected to normalise nearer to 25% going forward. The company is consequently keen to reduce its exposure to traditional retail through a continuing process of repurposing existing spaces away from retail and a measured sale of assets that we believe have reached their potential. The focus for management will be to retain those assets that provide an acceptable and long-term income stream without significant capital expenditure requirements.

Throughout the year management's focus was on letting voids where possible across the portfolio. It was particularly successful in its shopping centre in Reading Thames Valley to the west of London, where newly created units following reconfiguration of a department store were successfully relet. The centre remained open during the three lockdowns due to its NHS and essential retail tenants. Planning consent was also secured for a large residential component in 2020.

Management has been prudently driving down operating costs. It has also made use of government assistance where possible in terms of furlough. The staff complement was reduced from 29 at its peak to 19 by not replacing leavers and a redundancy programme.

Moorgarth's capital expenditure programme was also managed with great care. Overall, the company was able to reduce or postpone £1.5 million of the capex spend planned for this year.

Managing the company's operating cash position, minimising capital expenditure and letting the present vacant space in the portfolio will be the focus in the year ahead. As the country emerges from the pandemic, the company will continue to innovate and to reimagine its available space to meet new demands. Management will continue focusing on restructuring the portfolio to release cash for future growth.

Moorgarth's share of the group net loss was a loss of £31.1 million, against a loss of £8 million in 2020.

The value of Moorgarth's portfolio (excluding IFRS 16 right-of-use assets) dropped to £217.8 million from £248.2 million if its interest in joint ventures (not reflected in the balance sheet) is included. The decrease was mainly due to fair-value losses on investment properties (excluding IFRS 16 fair-value losses on right-of-use assets) of £33.5 million (2020: loss of £13.6 million), of which £11.4 million relates to the joint venture held properties.

Moorgarth's contribution to tangible net asset value per share was 33.2 pence (R6.95) (2020: 44.9 pence (R9)).

Boutique

Boutique offers flexible office accommodation in more than 32 buildings in greater London. Together, they offer some 4 800 individual workstations in a modern flexible office environment. Some of the buildings are owned by Moorgarth which buys and equips them for Boutique's needs.

At the beginning of the year under review, Boutique's occupancy rate was 92% and the company was set for a year of strong financial growth and continued expansion. The pandemic meant Boutique had to adapt rapidly to meet the challenges of a much-changed environment, shifting its focus from expanding to surviving the pandemic.

The emphasis thus moved to retaining existing clients. Boutique ended the reporting period with an occupancy level of 67%, while carefully managing cashflow. General operating costs were reduced by up to a third. The company ended the year in a strong cash position, partially due to an advance rent payment of £2 million by its biggest tenant. As a leaner organisation it is well equipped to face future changes in the environment.

Whilst the work from home trend will continue, the necessity to have central offices on a flexible occupational agreement will really strengthen the flexible office market in the future. This has been demonstrated as Boutique experienced a record-breaking month in March 2021 as businesses plan for a return to a more flexible office environment. Of the 529 workstations sold in March 2021, 60% of the tenants are to move in before end May and the remaining 40% before end June of this year.

OPERATIONAL PERFORMANCE (CONTINUED)

Boutique (continued)

With prime London facing saturation in terms of the number of competitors and with the global shift to more flexible working hours, management's focus for the next 12 to 24 months will be on the affluent suburbs of major cities. These offer many opportunities with great potential as well as landlords keen to work with experienced operators such as Boutique on a management contract basis. Such contracts are attractive to Boutique as they do not require significant capital commitment while operational liabilities remain with the landlord.

Boutique's EBITDA (earnings before interest, tax, amortisation and depreciation) for the financial year was £364 000 (2020: £2.1 million), before adjusting for the IFRS 16 reporting requirements.

Nguni Group (Namibia)

The potential transaction referred to at half-year in terms of which Tradehold would sell its entire Namibian portfolio to a single investor did not materialise. The Nguni portfolio, geared mainly to retail, office accommodation and hospitality, was severely impacted by the pandemic. Turnover dropped 12.6% before remissions of N$2m.

The value of the Namibian portfolio was £34.8 million (N$730.2 million) at the reporting date, compared with £37 million (N$743 million) on 29 February 2020. The value has been adversely affected by fair-value losses on investment properties during the year, but also by the currency deterioration of the Namibian dollar to pound sterling (N$20.96 at the reporting date compared to N$20.04 at 29 February 2020).

Namibia reported a net profit after minorities, before group interest, of £25 000 (2020: net loss of £0.4 million). The improvement is mainly due to a lower fair-value loss on investment properties during the year, compared to the 2020 year.

The Nguni Group's total contribution to tangible net asset value per share was 8.2 pence (R1.72) (2020: 8.5 pence (R1.71)).

Tradehold Africa Group (Mozambique and Zambia)

It has remained a frustratingly slow and difficult process to achieve Tradehold's objective of disposing of its remaining properties in these territories. However, it was able to sell its property in Tete in Northern Mozambique while there is now considerable interest from buyers for its remaining two assets in Mozambique. The potential buyers of Tradehold's Zambian properties, who had provided a non-refundable deposit of $1.3 million, have not pursued the sale so these have been put back in the market.

The value of the portfolio decreased to £20.9 million from £23.7 million at the end of February 2020. The value has been adversely affected by the disposal of Tete, as well as by currency movements. The company contributed a net profit of £1.6 million to the total group loss, compared to a net profit, before group interest, of £2.2 million for the corresponding period.

Tradehold Africa's total contribution to tangible net asset value per share is 6.3 pence (R1.31) (2020: 7.3 pence (R1.47)).

SHARE REPURCHASE

Tradehold repurchased 1 410 737 of its ordinary shares on the market during the reporting period, resulting in a total number of treasury shares held of 4 366 590 ordinary shares at the year end.

ORDINARY SHARE CASH DIVIDEND

The board of directors of Tradehold (the "Board") resolved to declare a gross cash dividend of 30 cents per ordinary share on 24 May 2021. The income used for this purpose is Tradehold's share of the dividend Collins Group declares 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.

ORDINARY SHARE CASH DIVIDEND (CONTINUED)

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. Its income tax reference number is 9725/126/71/9.

The salient dates for the dividend will be as follows:

Declaration date	Monday, 24 May 2021
Last date to trade cum dividend	Tuesday, 8 June 2021
Date trading commences ex dividend	Wednesday, 9 June 2021
Record date	Friday, 11 June 2021
Date of payment to shareholders	Monday, 14 June 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 9 June 2021, and Friday, 11 June 2021, both days inclusive.

IMPACT OF COVID-19 ON FINANCIAL RESULTS

The Covid-19 pandemic has had an adverse financial impact on the group results in the following areas, compared to the previous financial year:

– revenue has reduced by 21%, of which 12% is due to Covid-19 and the balance due to currency movements
– investment properties (excluding right of use assets) have devalued by £16.6 million
– net profit has reduced by £45.7 million to a loss of £39.7 million
– loss from joint venture has increased by 346% to a total loss of £11.4 million (of which £8.2 million is disclosed as an impairment loss on loans to JV's)
– the current ratio has deteriorated to net current liabilities of £53.7 million
– the loan to value ratio has declined from 62.7% to 64%, thus less headroom on borrowing covenants; and
– several RMB covenants have been breached.

It should be noted that the results were also adversely affected by a non-cash once-off Collins breakage and refinance cost of £10.7 million on the unwind of fixed interest borrowings and renewal of the same at a lower interest rate, which was not Covid–19 related. This debt restructure has assisted in reducing the interest cost on total borrowings from an average of 11.3% to 8.4% , which is expected to translate to future interest cost savings of approximately R80 million per year. Although this was achieved at nil cash cost, it required a once-off finance cost expense to the income statement of R228.7 million, due to a composite transaction whereby the breakage and renewal costs were in effect funded through the proceeds on unwinding of a CPI hedge derivative asset.

Despite the adverse effect of the pandemic on the results, group cash balances have increased by 11% to £26 million.

IMPACT ON SOUTH AFRICAN OPERATIONS (COLLINS GROUP)

The total rental remissions granted to tenants was R30.8m (£1.4 million), with a breakdown by sector shown below. These remissions were granted to assist tenants whose operations were adversely impacted by the pandemic. The accounting treatment of the remissions was a reduction against the contractual income raised per the lease agreement which resulted in disclosure of lower rental income.

Details of the collections and tenant relief per sector in the financial year are set out below in £000:

	Total billing	Relief granted – concessions	Relief granted – deferrals	Collections	Total collections %
Industrial properties	44 966	1 139	131	43 770	100%
Retail properties	6 989	254	9	6 698	99.6%
Offices	4 251	52	27	4 054	97.2%
Total	56 206	1 445	167	54 522	99.9%

Investment property valuations

The Covid-19 impact has not been significant due to the majority of the property portfolio having an industrial composition. Covid-19 exposed weaknesses in the office and retail sector particularly due to employees staying away from the office and shoppers away from retail centres. As lockdown levels have eased across the country, we find that a new trend is emerging where office workers are more likely to work from home, or on a part time home basis and shoppers are more likely to purchase online. Industrial property has not been affected to the same extent, as the supply chains have stayed intact with manufacturing and distribution still taking place. We have noted slight reversion on market rental rates and vacancy provisions. The high weighted average lease expiry on the industrial portfolio has also protected net operating income in the valuation process. During our review of external valuations and the preparation of the management valuations we did note that capitalisation rates moved marginally out. Vacancy, capitalisation rates, as well as revised market rental rates in the valuations have taken into account the current economic impact of Covid-19 and the potential future expected impact.

IMPACT ON SOUTH AFRICAN OPERATIONS (COLLINS GROUP) (CONTINUED)

Expected credit losses and rental remissions
There has been a minimal impact on the expected credit losses.
Industrial tenants: these tenants remained operational.
Retail tenants: those deemed essential received assistance where appropriate in relation to the lockdown regulations relating to liquor sales, and non-essential tenants were granted remissions to assist them to remain operational.
Office tenants: procedures were implemented to ensure full payment of contractual amounts received, except for amounts agreed as remissions during the height of the initial or "hard" lockdown period where full access to the premises were prevented.
Restaurant tenants: have been significantly impacted by the national lockdown, and were assisted with remissions, deferrals and payment plans.

Borrowings
The financial covenants are still in place and have not been breached. Management took the decision before the end of the previous financial year end to settle the more expensive debt, which has impacted favourably on the statement of financial position. The various payment holidays, interest roll ups and assistance with debt obligations from lenders have all been utilised, and subsequent to reporting date the various loans utilised have started being serviced with minimal impact on cashflows. The process is ongoing, and management continues to engage with lenders.

IMPACT ON UNITED KINGDOM OPERATIONS

Moorgarth
In the UK, traditionally rent is invoiced quarterly in advance, with different dates in England and Scotland. The pandemic affected all 4 quarters in the reporting period, with December the worst affected, when Retail and Offices/other collections dropped to 68% and 94% respectively.

The UK went into another full lockdown from 6 January 2021 which closed all hospitality and non-essential retail until 12 April 2021 (27th April in Scotland). Rent has been received in full from some tenants during these quarters but generally, monthly payments and deferred payments and other concessions have been provided as companies manage their cashflow. Rent concessions to the value of £340 000 have been granted to tenants who have experienced difficulties. In the UK rent remains due and payable even if unpaid. The rent is only written off when a formal agreement has been reached with the tenant, otherwise it remains as a debt.

The government, through its emergency measures, has prevented landlords from taking possession of properties where rents have been unpaid. Management has taken whatever action is possible to recover those debts.

Details of the collections per sector over the 4 quarters in the year are set out in the table below:

	Total billing £000	Collections £000	Collections %
Retail	17 061	12 880	75.5%
Offices/Other	4 156	3 922	94.3%
	21 217	16 802	79.19%

Investment property valuations
The Covid-19 impact has been significant on the value of those properties with exposure to retail, shopping centres in particular.

Expected credit losses
The loss allowance on trade receivables has increased by £1.27 million in the reporting period.

The loss allowance on the loan receivable from the Reading joint venture has increased by £8.2 million during the year, due to the fair value loss raised against the retail property value at year end.

Borrowings
Moorgarth managed to meet all its external operating costs and debt service requirements out of operating income during the year. Covenant waivers have been offered by its bank in circumstances where loan covenants cannot be met.

1. **Canada Life:** Covenants have been met during the year.
2. **HSBC:** Loans on specific properties have remained covenant compliant during the period and no breaches are expected. The loan covenants on the Waverley joint venture were in breach during the year. HSBC is supportive and has waived the covenants for the quarter in breach, and has indicated offers of support should future covenant ratios not be met. The group has refinanced two facilities during the year, and one facility after the year end with HSBC, all held in joint venture companies.

IMPACT ON UNITED KINGDOM OPERATIONS (CONTINUED)

Boutique

There has been no impact on collections, however revenue is 20% lower than expected for the year as a direct result of Covid-19. Management is hopeful that once the pandemic restrictions fall away, revenue will return to its historic level. It has mitigated shortfalls in income through agreeing concessions with its landlords on rent payments and utilising government financial support schemes.

Expected credit losses

The impact is low as the majority of tenants outstanding payments at the reporting date have paid their balances.

Borrowings

Covenants on the Boutique facility have remained compliant throughout the financial year, but were in breach shortly after year end. HSBC is supportive and has waived the covenants for the two quarter in breach, and has indicated offers of support should future covenant ratios not be met. It is the bank's practice not to waive more than two quarters at a time.

GOING CONCERN

The group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 31 August 2022. After servicing all interest and amortisation on borrowings, the forecasts show a decline in cash balances of less than 25% by the next year end, thus still showing sufficient cash levels as a buffer against unforeseen events.

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 £268.972m, thus breach of £31 million
Loan to Value portfolio properties not more than 65%:	actual 80.30% thus breach; cure required £10.9m
Interest Cover Ratio portfolio properties not less than 2.25:	actual 1.61 thus breach
Vacancy Rate portfolio properties not less than 85%:	actual 80.70% thus breach

The main reason for the Intrinsic NAV breach is the investment property devaluations, and the Collins hedge settlement loss recognised in profit and loss, and the main reason for the remaining covenant breaches is the devaluation of the main funded asset, Marketplace Bolton shopping centre, due to its anchor tenant Debenhams going into administration during the year, as well as the centre being completely shut under Covid-19 lockdowns for the most part of the financial year. The RMB facility funds 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. Management are in continual discussions with RMB to provide updates on trading developments, and to extend the facility for a further three years beyond its scheduled expiry in December 2021. To date, a preliminary extension of 6 months on the borrowing was approved by RMB.

The forecasts, based on the assumption that the borrowings are extended on the current terms, show that these covenants are likely to continue to be in breach over the next 18 months. The next covenant measurement date is 31 August 2021, however RMB has not provided a covenant condonation as yet. Management is comfortable with this for the following reasons:
RMB is already, as part of the February 2021 covenant condonation, taking a view on Tradehold's other assets and predominantly its investment in Collins group. This will also form part of the three year extension that is being discussed and is expected to result in less emphasis on the Moorgarth portfolio for covenant purposes. As a result, it is likely that a redemption will not be required to bring the Moorgarth assets in line with the current loan to value covenants.

In the event that RMB do not condone a breach at 31 August 2021, Tradehold has the right under the existing terms to cure the breach. Management is comfortable that the group will have sufficient liquidity at its disposal, should a cure be required, through the following strategies:

- sufficient liquidity available in the Collins Group, which is forecast to increase;
- proceeds from the 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 believe significant progress will be made by mid-year on letting the voids at Market Place Bolton which should have a positive effect on valuations and reduce the extent of the cure required.

Although all Moorgarth HSBC debt covenants were compliant at year end, the detailed 18 month forecasts show that the Boutique and Waverley centre in Edinburgh (held in a joint venture and thus not consolidated) facilities are likely to require covenant waivers due to the enforced Covid-19 closure period over the next year, solely caused by Covid-19.

GOING CONCERN (CONTINUED)

Boutique has enjoyed strong support from HSBC since funding its acquisition in 2015. Boutique experienced a record month for new business in March 2021, and currently holds £7 million in cash after 12 months of Covid-19 affected trading. Boutique's forecast show that all debt service and amortisation payments will be made for at least the next 18 months.

On the Waverley centre in Edinburgh facility, HSBC has already granted the initial 2 quarter covenant waivers required, and there is complete confidence by management that any further waivers required will be received. The facility is loan-to-value covenant compliant, the company is servicing all debt obligations, and is expected to continue to do so in the going concern period. This facility is secured by the property, and as such, not guaranteed by any Tradehold group company.

HSBC have banked Moorgarth Group for 10 years, and have advanced over £100m during that period. HSBC have been strongly supportive of Moorgarth in word and deed during the Covid-19 period, most recently (with completion on 18 May 2021) extending the £43m Reading JV facility for a further 12 months without requiring a new valuation. Management is confident that this support will continue as the economy turns around.

Although the group is reporting a significant deterioration in its current ratio to a net current liability position, the reason for the decline is mainly due to the following:

i) reclassification of the RMB preference share borrowings of £49.6 million and the related derivative of £7.7 million to current borrowing, due to the scheduled repayment date of December 2021. This facility has been extended after the reporting date, by 6 months until 30 June 2022.
ii) reclassification of Africa operations borrowings of £3.1 million secured by a property with a long lease to BAT in the process of being refinanced for a further 4 year term, to current borrowings. The refinance process has commenced but not yet completed at the reporting date.
iii) reclassification of Namibia operations borrowings of £4.9 million originally repayable in March 2021 but successfully refinanced for 5 years after the reporting date, to current borrowings.

Management is confident that the RMB and Africa 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

South Africa

Collins' cash levels have strengthened from £8.5 million at the previous year end to £10 million at the current reporting date. Collins have successfully negotiated the most significant impacts of the Covid-19 pandemic without having to utilise its' liquid cash reserves. Most of its tenants either provide essential services or manufacture essential goods or components, enabling them to continue trading throughout the lockdown period, and pay the full rental due in terms of their lease agreements. There has been very little tenant fall-out, as the group does not have a large retail portfolio.

United Kingdom

The overall economic position in the United Kingdom is more certain and more positive compared to 12 months ago since the onset of the Covid-19 pandemic. The impact of the pandemic on GDP or employment or how Moorgarth would be affected was unknown at that stage, in addition to uncertainty over Brexit. A year later, the United Kingdom has a successful vaccine program, the economy is being released from lockdown, it has a Brexit deal and economic forecasts for GDP growth range from 5% – 7% for next year.

With a resilient portfolio diversified across a number of sectors, Moorgarth has demonstrated an ability to collect income and service debt over the last 12 months, which include the period of maximum damage from Covid-19. Moorgarth has more cash at the reporting date than it did at the previous year end. Its cash flow forecasts show that it can service all debt during the next 18 month period, including the RMB debt, by which point it will be increasingly cash flow positive.

In the face of the near closure of most of its buildings for a period of time, greatly reduced footfall in London generally and a significant drop in occupancy, the Boutique team did an excellent job managing cash flow in the past year. Through a combination of accelerating income, making operating cost savings and deferring rents and other liabilities, Boutique has been able to increase its cash position and currently forecasts that it will be able to manage its cash position for at least 18 months.

In summary, compared to a year earlier, the economic outlook has improved, Moorgarth's cash position is stronger, and management are justifiably confident of obtaining bank support where required, as was done over the last 12 months, given the long term bank relationships in place. There are thus several mitigating factors present to offset any uncertainty created by the RMB refinance risk and HSBC covenant breach risk, over the Moorgarth group's ability to continue as a going concern.

GOING CONCERN (CONTINUED)

Africa operations

Its cash position is unchanged from last year, and its loan to value ratio has strengthened from 36.4% to 35.1% due to debt repayments.
The borrowings of £3.1 million secured by the BAT-tenanted property and currently being refinanced should be reclassified to long term borrowings by the next year end, thus restoring its current ratio.
No debt covenants have been breached and the 18 month forecast shows sufficient cash, after all debt interest and amortisation has been serviced.
There is no concern over the Africa segment's ability to continue as a going concern.
The portfolio remains for sale, which could release more than £10 million of equity for the group.

Namibia operations

Its cash position is unchanged from last year, and its loan to value ratio has strengthened from 63.9% to 60% due to debt repayments, despite some valuation losses on properties.
Borrowings of £4.9 million successfully refinanced for 5 years after the reporting date, will be reclassified to long term borrowings by the next year end, thus restoring its current ratio.
No debt covenants have been breached and the 18 month forecast shows healthy growth in its cash position, after all debt has been serviced.
There is no concern over the Namibia segment's ability to continue as a going concern.
The portfolio remains for sale, which could release more than £10 million of equity for the group.

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 at 28 February 2021.

OUTLOOK

Despite the devastating conditions created by the pandemic, we remain cautiously confident that the group will improve its performance in the new financial year. We are heartened by the way in which all the major companies in the group – Collins, Moorgarth and Boutique – have managed to adapt to a dramatically changed environment both in the UK and South Africa. We are fortunate in having experienced and creative management teams capable of identifying and capitalising new opportunities. There are encouraging signs that, with Brexit now behind it, a successful and large-scale vaccination programme, the re-opening of the hospitality sector and the rise in omni-channel retail, the British economy seems to be recovering faster than anticipated. In South Africa, Collins's income stream is largely protected by the composition of its portfolio and the quality of its tenants.

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 2021 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 AND CHANGES TO BOARD

In compliance with paragraph 3.59 of the Listings Requirements of the JSE Limited, Tradehold shareholders are advised that Mr David Anthony Harrop has resigned from the Board with effect from 20 May 2021.

The following changes to the Tradehold board occurred during the financial year:
Mr Paul Johannes Roelofse was appointed as an independent non-executive director to the Board with effect from 10 November 2020.

CH WIESE	**KL NORDIER**
Chairman	Director

24 May 2021

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 2021, 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 2021.

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 for 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 24 May 2021. 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
24 May 2021

STATEMENT OF COMPREHENSIVE INCOME

£'000	Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
Revenue	74 274	94 608
Other operating income	1 193	8 005
Loss/(profit) on disposal of investment properties	(817)	(1 419)
Net loss from fair value adjustment on investment property	(38 662)	(18 522)
Profit on disposal and scrapping of PPE (excluding buildings)	4	
Net impairment losses on financial assets	(9 587)	(2 115)
Employee benefit expenses	(5 903)	(6 980)
Lease expenses	(24)	(27)
Depreciation, impairment and amortisation	(2 350)	(2 881)
Other operating costs	(14 130)	(19 025)
Trading profit	3 998	51 644
Loss on disposal of financial assets	(62)	
Loss on acquisition/disposal of subsidiary		(100)
Impairment of intangible assets		(59)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(2 171)	6 645
Operating profit/(loss)	1 765	58 130
Finance income	5 310	7 663
Finance cost	(44 485)	(47 247)
Loss from joint venture	(3 219)	(1 141)
Loss from associated companies	(474)	–
Profit/(loss) before taxation	(41 103)	17 405
Taxation	(833)	(7 242)
Profit for the year before non-controlling interest	(41 936)	10 163
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
(Losses)/gains on cash flow hedges	80	(371)
Deferred tax on cash flow hedges	(5)	60
Exchange differences on translation of foreign operations	(11 199)	(15 777)
Items that may not be subsequently reclassified to profit or loss		
Revaluation of land and buildings		634
Total comprehensive loss for the year	(53 060)	(5 291)
Profit/(loss) attributable to:		
Owners of the parent	(39 709)	5 985
Non-controlling interest	(2 227)	4 178
	(41 936)	10 163
Total comprehensive income/(loss) attributable to:		
Owners of the parent	(48 882)	(6 093)
Non-controlling interest	(4 178)	802
	(53 060)	(5 291)
Earnings/(loss) per share (pence): basic	(15.4)	2.3
Number of shares for calculation of earnings per share ('000)	257 701	256 344
Earnings/(loss) per share (pence): diluted	(15.2)	2.3
Number of shares for calculation of diluted earnings per share ('000)	260 658	257 881

STATEMENT OF FINANCIAL POSITION

(£'000)	Audited 28/02/21	Audited 29/02/20
Assets		
Non-current assets	761 015	826 306
Property, plant and equipment	9 181	11 312
Investment properties – fair value for accounting purposes	631 551	649 064
Investment property – straight lining lease income accrual	31 315	30 442
Investment properties – right-of-use assets	40 640	49 021
Intangible assets	8 031	8 031
Deferred taxation	6 567	9 135
Investments accounted for using the equity method		
Investment in joint venture	9 092	12 312
Investments in associates	—	504
Derivative financial instruments		12 928
Financial assets at amortised cost:		
Loans to joint venture	9 893	16 376
Loans receivable	7 553	18 285
Other non-current assets	7 192	8 896
Current assets	45 581	53 040
Financial assets at fair value through profit and loss	4 081	7 697
Financial assets at amortised cost:		
Loans receivable	613	1 706
Loans to associates	5 468	5 578
Trade and other receivables	6 293	7 114
Other current assets	3 718	7 437
Taxation		13
Cash and cash equivalents	25 408	23 495
Assets classified as held for sale	954	4 507
Total assets	807 550	883 853
Equity and liabilities		
Equity	269 760	334 070
Ordinary shareholders' equity	225 249	282 667
Non-controlling interest	44 511	51 403
Non-current liabilities	423 878	494 937
Preference share liability	52	54 357
Long-term borrowings	348 139	346 542
Lease liabilities	35 111	43 149
Derivative financial instruments	347	6 274
Deferred taxation	40 229	44 615
Current liabilities	113 912	54 846
Preference share liability	49 574	1 133
Short-term borrowings	23 817	22 836
Deferred revenue	6 500	6 683
Lease liabilities	5 464	5 804
Derivative financial instruments	7 731	
Taxation	1 050	1 149
Trade and other payables	19 776	17 241
Total liabilities	537 790	549 783
Total equity and liabilities	807 550	883 853

STATEMENT OF CHANGES IN EQUITY

(£'000)	Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
Balance at beginning of the period	334 070	297 032
Profit for the year	(41 936)	10 163
Repurchase of ordinary shares by the company		(45)
Dividends distributed to shareholders	(7 399)	(7 366)
Dividends reinvested by shareholders		5 526
Acquisition of treasury shares	(564)	(703)
Acquisition of subsidiary – Austria	(654)	45 480
Transactions with minorities		(129)
Capital reserve (Employee Share Option Scheme)	82	36
Distribution to minorities	(2 714)	(470)
Other comprehensive income for the year	(11 125)	(15 454)
Balance at the end of the period	269 760	334 070

STATEMENT OF CASH FLOWS

(£'000)	Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
Cash flows from operating activities	20 225	13 107
Operating profit/(loss)	1 765	58 130
Non-cash items	50 584	6 080
Changes in working capital	10 258	(2 677)
Interest received	1 130	2 346
Interest paid	(32 081)	(43 167)
Dividends paid to ordinary shareholders	(7 399)	(7 366)
Dividends to non-controlling interests	(2 714)	(470)
Taxation refunded/(paid)	(1 318)	231
Cash flows from/(utilised in) investing activities	(7 746)	6 006
Acquisition of investment properties	(30 102)	(12 101)
Acquisition of property, plant and equipment	(413)	(1 622)
Acquisition of financial assets		24
Proceeds on disposal of investment properties	10 040	10 877
Proceeds on disposal of property, plant and equipment	45	22
Proceeds on disposal of investments	2 819	853
Loans advanced to joint venture	(875)	(700)
Loans advanced to associate undertaking	(205)	(393)
Loans repaid by associate undertaking	44	
Loans and advances – issued	(833)	(18)
Loans and advances – repaid	11 734	9 064
Cash flows from financing activities	(10 609)	(7 841)
Proceeds from borrowings	153 855	61 083
Repayment of borrowings	(154 844)	(92 371)
Settlement of derivative	(415)	
Proceeds from ordinary share issue	—	5 526
Repurchase of ordinary shares	—	(45)
Proceeds from preference share issue	—	2
Redemption of preference shares	(3 178)	(1 096)
Acquisition of treasury shares	(563)	(703)
Proceeds on disposal of interest in subsidiary that did not result in loss of control	—	25 567
Principal elements of lease payments	(5 464)	(5 804)
Net increase/(decrease) in cash and cash equivalents	1 870	11 272
Effect of changes in exchange rate	43	(35)
Cash and cash equivalents at beginning of the year	23 495	12 258
Cash and cash equivalents at end of the year	**25 408**	**23 495**

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Twelve months to 28 February 2021 (audited)					
Property – United Kingdom	6 615	(27 962)	168 731	188 420	101 996
Property – South Africa	43 937	25 722	415 718	441 106	314 169
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	807 550	537 790
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	438 287	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	48 701	82 013	78 116
Other	—	(471)	—	4 962	957
	94 608	58 130	728 527	883 853	549 783

The revenue of property United Kingdom includes intersegment revenue of £2.931 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 2020:

Definition of Material – Amendments to IAS 1 and IAS 8

The amendments use a consistent definition of materiality throughout IFRS and the Conceptual Framework for Financial Reporting, clarify when information is material; and incorporate some of the guidance in IAS 1 about immaterial information. The amendments clarify the definition of material in the context of the financial statements as a whole.

COVID-19-Related Rent Concessions Amendment – Amendments to IFRS 16

The group adopted the IFRS 16 COVID-19-Related Rent Concessions Amendment that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. The group elected to account for such rent concessions in the same way as they would if they were not lease modifications. The practical expedient was applied to all rent concessions that meet the conditions in the Amendment. In most cases this resulted in accounting for the concessions as variable lease payments.

Interest rate benchmark reform – Amendments to IFRS 7, IFRS 9 and IAS 39

The amendments provide certain reliefs in relation to interest rate benchmark reforms with the replacement of benchmark interest rates such as LIBOR and other inter-bank offered rates ('IBORs').

The reliefs relate to hedge accounting and have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness should continue to be recorded in the income statement.

Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest-rate benchmark reform no longer being present. The relief provided by the amendments requires an entity to assume that the interest rate on which the hedged cash flows are based does not change as a result of the reform. The amendment requires disclosure of the nominal amount of hedging instruments to which the reliefs are applied, any significant assumptions or judgements made in applying the reliefs, and qualitative disclosures about how the entity is impacted by IBOR reform and is managing the transition process.

Amendments to the Conceptual framework

The Conceptual Framework is not an accounting standard and does not override any standard. The revised framework will be used in future standard-setting decisions, but no changes will be made to any of the current accounting standards. The group's accounting policies are still considered appropriate under the revised framework.

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)

£'000		Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
2	**Number of shares in issue ('000)**	256 980	258 391
3	**Net asset value per share (pence)**	87.7	109.4
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)	94.0	120.0
4	**Depreciation for the year**	2 350	2 881
5	**Net loss from fair value adjustment on investment property**	38 662	18 522
6	**Capital expenditure for the year**	30 515	13 723
	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.	1 446	2 215
	Spar West St – development by Colkru Investments (Pty) Ltd to be funded by Investec Ltd.	599	
	Nongoma Spar Phase 2 – development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd.	305	
7	**Headline earnings**		
	Basic headline loss per share (pence)	(1.9)	9.5
	Diluted headline loss per share (pence)	(1.9)	9.4

Calculation of headline earnings	Gross	Net	Gross	Net
Net profit		(39 709)		5 985
Net loss from fair value adjustment on investment property	38 662	30 020	18 522	14 426
Fair value adjustments from equity-accounted investments		3 612		2 004
Loss/(gain) on disposal of investment properties	817	1 056	1 419	1 740
Loss on disposal of subsidiaries				100
Loss on disposal of financial assets		62		
Impairment of intangible assets				59
Gain on disposal of property, plant and equipment		(4)		
		(4 963)		24 314

		Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
8	**Financial assets**		
	Unlisted investments at management valuation	–	3 427
	Unlisted investments at fund managers valuation	4 081	4 419

NOTES (CONTINUED)

9 Contingent liabilities

South Africa

Imbali Props 21 (Pty) Ltd – during the course of the current financial period the South African Revenue Service ("SARS"), the local tax authority which has jurisdiction over the subsidiary, has commenced a detailed review of the subsidiary's tax affairs relating to the 2016 to 2019 years of assessment. An Audit Findings Letter was issued by SARS to Imbali which is dated 23 February 2021, however, due to timing of the date of the letter to financial year end and the audit requiring substantial and detailed responses which SARS will need to both verify and accept, the impact of the Findings has only been partially raised in the taxation amounts, with the balance of the Findings being under dispute and regarded as contingent on the finalisation of the tax audit. The exact timing and amount of the finalisation of the tax audit is not possible to accurately determine at financial year end. To mitigate the impact of the audit, Imbali has actively engaged with relevant tax professionals and where necessary sought legal advice.

Acquisition of Austrian investment and property companies – on the 26th February 2021 (Acquisition Date), the group acquired full control of a portfolio of Austrian properties through acquisition of the respective property holding companies and acquired 2 new investment holding companies. In terms of the sale agreement, the adjustment account between sellers and the group will be concluded once the underlying tenant lease turnover figures are finalised, which is only anticipated after 31 May 2021. 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.

10 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.

11 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 in December 2021, up to 30 June 2022.

Namibia operations borrowings of £4.9 million were refinanced after the reporting date for 5 years.

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.

Two separate Interest Rate Swap transactions were purchase where fixed interest rate swaps were acquired, held in the names of Imbali Props 21 (Pty) Ltd and Saddle Path Props 69 (Pty) Ltd, amounting to R357m and R617m respectively in value. The effective date of the acquisitions is related to the subsequent financial period and has no impact on the current financial period.

A significant lease cancellation fee was negotiated where a single tenanted property was vacated by the tenant and agreed repairs were concluded at the tenant's cost. The entire lease cancellation fee was used as a means to settle the mortgage bond over the property. The bond settlement portion was reallocated to current liabilities at the reporting date. The financial effect after the reporting date is estimated to be a £40 000 savings in finance costs.

NOTES (CONTINUED)

12 Goodwill

		Audited 12 months to 28/02/21	Audited 12 months to 29/02/20
12.1	**Cost**	8 031	8 031
	Accumulated impairment losses		
		8 031	8 031
12.2	**Cost**		
	Balance at beginning of year	8 031	8 145
	Acquisition	—	10
	Foreign currency translation movements		(124)
	Balance at end of year	8 031	8 031
12.3	**Accumulated impairment losses**		
	Balance at beginning of year		(124)
	Foreign currency translation movements		124

12.4 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 2021 (audited)	Opening	Additions	Closing
Boutique	8 031	—	8 031

Twelve months to 29 February 2020 (audited)	Opening	Additions	Closing
Boutique	8 021	10	8 031

12.4.1 Impairment review

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

Management have reviewed expected (post Covid-19) future performance of The Boutique Workplace Co Ltd to assess the carrying value of goodwill. Management are satisfied that the carrying value of goodwill is supported by the cash flows shown by the post Covid-19 forecasts. The test assumed increased profitability in the new financial year based on the latest number of enquiries from prospective tenants and rent collection experience. It also assumed no organic growth in the number of sites operated by the serviced office business. No impairment arose as a result of this test (2020: nil).

	Audited 28/02/21	Audited 29/02/20
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:		
Pre-tax discount rate	4.46%	5.37%
Growth rate	2.70%	4.50%
Sustainable growth rate	0.00%	0.00%
The principal assumptions where impairment occurs are as follows:		
Pre-tax discount rate	10.29%	16.02%
Growth rate	0.00%	(6.30%)
Sustainable growth rate	0.00%	0.00%

NOTES (CONTINUED)

13 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 2021 Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	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	8.2	—	0.7	—	—
Trade and other receivables	6.3	—	—	—	—
Other assets	10.9	—		—	—
Cash and cash equivalents	25.4	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	348.1	—	—	(28.3)	—
Derivatives	0.3	(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	—	—	—	—
Lease liabilities	40.6	—	—	(2.0)	—

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 receivables	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)	—
Trade and other payables	17.2	—	—		—
Lease liabilities	49.0			(2.2)	

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)

14 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 assets and liabilities that are measured at fair value at 28 February 2021:

28 February 2021 (audited)

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			
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			371 956
Lease liabilities			40 575
Total liabilities		57 652	412 583

29 February 2020 (audited)

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Securities			7 697
Trading derivatives			
Cross currency swap		12 928	
Non-financial assets at fair value through profit or loss			
Investment properties			728 527
Total assets		12 928	736 224
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
Lease liabilities			48 953
Total liabilities		61 709	418 385

NOTES (CONTINUED)

14 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	1% increase in vacancy rate	1% decrease in vacancy rate
United Kingdom investment properties	(13 806)	27 269	(117)	117
South Africa and Austria investment properties	(35 895)	51 839	(3 709)	2 682
Namibia investment properties	(3 703)	4 631	456	(443)
Africa investment properties	(1 626)	2 097	(76)	138

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 28/02/21	Audited 29/02/20
Investment Properties		
At beginning of year	728 527	727 209
Additions – direct acquisitions South Africa	15 991	12 101
Additions – direct acquisitions Austria	28 826	
Construction/development/improvements	3 750	
Acquired through change in control of associate to subsidiary	—	1 789
Capitalisation of borrowing costs	597	825
Foreign currency translation differences	(23 146)	(37 552)
Disposals	(10 857)	(12 296)
Transfer to property, plant and equipment		(3 077)
Transfer to assets held for resale	(954)	(4 442)
Straight line lease adjustment	2 212	7 670
Net loss from fair value adjustments on investment property	(33 058)	(12 721)
Movements on right-of-use investment property assets:		
Adoption of IFRS 16	—	51 487
Additions	4 429	6 810
Disposals	(7 186)	(3 475)
Net loss from fair value adjustments on investment property	(5 605)	(5 801)
Foreign currency translation differences	(20)	
At end of year	703 506	728 527
Financial assets		
At beginning of year	7 697	7 548
Foreign currency translation differences	(3)	(8)
Disposals	(2 600)	(41)
Fair value (loss)/gain	(1 017)	1 010
Distribution received	2	(812)
At end of year	4 081	7 697

DIRECTORATE AND ADMINISTRATION [1]

Directorate

CH Wiese (79) †
B A, LL B, D Com (HC)
Chairman

KR Collins (50) +

LL Porter (69) *°
B A, BSc, DPhil, FBCS, CITP

MJ Roberts (74) *+°
B A

HRW Troskie (51) *+
B Juris, LL B, LL M

JD Wiese (40) †
B A, LL B, M Com
alternate to C H Wiese

TA Vaughan (55)
B Sc Hons, MRICS

FH Esterhuyse (51)
B Acc, B Acc Hons, M Com, CA(SA)

KL Nordier (54) #°
B Acc, B Acc Hons, CA (SA)
Financial director

DA Harrop (51)
B A Hons, ACA

PJ Roelofse (43) †
BAcc (Cum Laude), BAcc Hons, CA(SA), CFA

Resignation of director and changes to Board
In compliance with paragraph 3.59 of the Listings Requirements of the JSE Limited, Tradehold shareholders are advised that Mr David Anthony Harrop has resigned from the Board with effect from 20 May 2021.

The following changes to the Tradehold board occurred during the financial year:
Mr Paul Johannes Roelofse was appointed as an independent non-executive director to the Board with effect from 10 November 2020.

[1] This directorate and administration information is unaudited
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
PJ Janse van Rensburg
Suite 1603 Portside Building
4 Bree Street
Cape Town 8001

Sponsor
Questco Corporate Advisory (Pty) Ltd
Ground Floor
Block C
Investment Place
10th Road
Hyde Park 2196

Registrars
Computershare Investor Services (Pty) Ltd
PO Box 61051
Marshalltown 2107
Telephone: +27 11 370 5000
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Incorporated in the Republic of South Africa
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