TRADEHOLD LIMITED - Summary of the audited consolidated results of the Tradehold group for the 12 months to 29 February 2016

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

Although listed on the JSE Limited (JSE), Tradehold has by far the greatest part of its operating assets outside South Africa. These are located mostly in the UK but also in Africa outside South Africa. For this reason - and to avoid distortion caused by the fluctuating value of the rand - the Company reports its results in pounds sterling. Its assets are in property and, to a lesser extent, financial services. It holds its property assets in the UK - the dominant component of its business - through a 95% interest in the Moorgarth Group and in Africa through a 100% ownership in Tradehold Africa. Its financial services interests are vested in companies in the UK and in South Africa. In the UK it has, through Reward Investments, an indirect holding of 70% in the two main operating Reward companies, Reward Capital and Reward Invoice Finance, while in South Africa it wholly owns the multi-faceted Mettle Investments.

FINANCIAL PERFORMANCE

In the year to February 2016 Tradehold continued its growth path of the previous financial year, expanding its presence in the UK and certain countries of Southern Africa outside South Africa. The portfolio of properties in the UK and Southern Africa acquired from the Collins Group of KwaZulu-Natal in the beginning of the financial year was successfully integrated into Tradehold's overall operations. During the reporting period the group's total assets grew by 54% to £319 million while revenue increased by 38% to £28.7 million and total profit attributable to shareholders by 82% to £14.3 million (2015: £7.8 million). Total profit includes a £4.6 million gain in the fair-value adjustment of its investment properties.

Despite an increase of about 32 million in the number of shares in issue, core headline earnings per share as defined by the entity, increased 20% to 6.5 pence from 5.4 pence and net asset value per share increased by 9% to 85.1 pence from 78.3 pence.

BUSINESS ENVIRONMENT

Economic growth in the UK, where the bulk of Tradehold's property interests is located, slowed in 2015 from 2.8% in 2014 to 2.2% according to official figures. This slowdown in GDP growth comes against the backdrop not only of a waning global economy but also of the political uncertainty caused by the imminent referendum on the country's EU membership. The reporting period saw continued growth in real estate values across all sectors of the economy with vacancy levels reducing markedly in all major cities.

None of the Southern African countries in which Tradehold Africa is expanding its property interests is immune to the challenges facing resource-dependent emerging economies and in the case of all of them growth is expected to slow although from a relatively high base. Despite these lower growth predictions and infrastructural restrictions, development opportunities still abound.

PROPERTY

Moorgarth

In the year under review the value of Moorgarth's property portfolio increased by 18.7% to £137.8 million or increased by 47% to £170 million if 50% (£32.7 million) of the joint venture asset (see below) is included. Turnover grew 34% to £16.3 million or 47% to £18.3 million if 50% of the joint venture turnover is included. Moorgarth's contribution (net profit plus group interest) to total group net profit increased by 17% to £8.2 million (2015: £7 million). Non-core assets to the value of £4.2 million were disposed of while the UK properties acquired through the Collins Group transaction were integrated into Moorgarth's overall operations.

Among the highlights of the year was the acquisition of the Broad Street Mall in Reading outside London for £65.4 million in a joint venture with the South African based Texton Property Fund. The property, that is actively managed by Moorgarth, is not only providing a strong income stream but also large-scale residential and leisure development potential as part of the existing complex. The first phase of the refurbishment of the existing mall and office complex has now commenced and is due for completion by the end of the calendar year.

The extensive refurbishment and expansion of The Market Place, the Company's other regional shopping centre is well advanced and a number of strategic lettings have been concluded. After acquiring several properties in central London, where demand had been extremely high for a number of years, management is holding back on further acquisitions given the prevailing economic uncertainties for the British economy during the reporting period. However, the Company did acquire, at a cost of £13.8 million, a leading central London serviced-office provider, Ventia, combining its operations with those of Moorgarth's The Boutique Workplace Company. Together they operate 26 business centres offering more than 2 800 work stations.

In the light of the growth in the size of Moorgarth's operations a new business unit, Moorgarth Property Management Services, was created to provide all property management services in-house.

Tradehold Africa

Following on the acquisition in March 2015 of the Collins Group's property assets in Namibia, Botswana, Zambia and Mozambique, a focus during the year was to streamline and integrate the management of these properties in the Tradehold Africa structure. Tradehold Africa's property portfolio was £62.8 million and its contribution to total group profits was £1.4 million for the year under review.

The company's major residential development in Maputo, fully let on long-term leases to the US Embassy in Mozambique and to the American oil exploration company Anadarko, was close to completion at the end of the reporting period. The first stage is to be handed over on 1 June and the second phase on 1 September this year. Work on a 15 000m2 shopping centre in Beira which is being built at a cost of US$44.6 million, will start in June while construction on a 8 000m2 retail centre, a joint venture between Atterbury and Tradehold Africa, in the northern port city of Pemba is also imminent. Both developments will on completion be anchored by the Shoprite Group.

During the year Safland, Tradehold's development partner in Namibia, completed a 13 500m2 regional shopping centre in Rundu in the north of that country while the construction of a 30 000m2 retail shopping mall in Walvis Bay, developed in conjunction with Atterbury, is on schedule. The company is at present developing a pipeline of mainly retail centres in places such as Gobabis and Oshakati.

In Zambia the company is currently maximising the income from its properties in the highly desirable location Cairo Road in the capital, Lusaka. Earlier in the year, Tradehold's offer, in conjunction with African Property Investments of Mauritius, for 51% of Real Estate Investments Zambia did not receive the required support from that company's shareholders and the offer was withdrawn.

FINANCIAL SERVICES

Reward
In the 12 months to February 2016, the two operating units of Reward Investments - Reward Capital, which focuses on short-term, asset-backed loans to smaller businesses, and Reward Invoice Finance which offers bespoke invoicing-discounting facilities to similar-sized ones - generated net profit of £2.3 million (2015: £2 million) on turnover of £6.6 million (2015: £5.1 million). Its total contribution to the net profit of the group (i.e. after minorities plus group interest) was £3.3 million, an increase of 49% over the previous year (2015: £2.2 million). At year-end the total loan book stood at £32 million, an increase of £12 million over the previous year.

Mettle
Over the review period Mettle has shown consistent organic growth across its seven business units which span a wide spectrum - from corporate advisory, specialist lending, credit administration and solar power solutions. During the year, Mettle Solar bought a 50% stake in Sustainable Power Solutions (SPS), a leading engineering and construction firm that specialises in the design, installation and operation of solar photovoltaic (PV) systems. Mettle produced a net after-tax profit of £785 000 (2015: £428 000).

COMMENTS ON THE RESULTS
The non-core UBS AG shares were all disposed of during the year, resulting in a gain of £1.9 million.

(£'million)	Audited 12 months to 28/2/16	Audited 12 months to 28/02/15
Fair-value adjustment of UBS AG shares	-	(0.9)
Gain on disposal of UBS AG shares	1.9	-

The Moorgarth joint venture with Texton Property Fund Limited for the acquisition of the Broad Street Mall in Reading, has been classified as a joint venture under International Financial; Reporting Standards (IFRS) 11 and accounted under the equity method.

DIVIDEND DISTRIBUTION
On 23 May 2016, the board approved and declared a final gross dividend of 6.5 cents per ordinary share. The payment will reduce the Company's share premium. The dividend will be paid in cash.

The salient dates in respect of the dividend are as follows:

Declaration date	Monday, 23 May 2016
Last date to trade cum dividend	Friday, 17 June 2016
Date trading commences ex dividend	Monday, 20 June 2016
Record date	Friday, 24 June 2016

Date of payment to shareholders Monday, 27 June 2016

Share certificates may not be dematerialised or rematerialised between Monday, 20 June 2016, and Friday, 24 June 2016, both days inclusive.

Additional Information
Although the distribution reduces the share premium of the Company, 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. Shareholders who are not exempt from the DT will therefore receive a dividend of 5.525 cents net of DT. The Company has 188 239 902 ordinary shares in issue and its income tax reference number is 9725126719. Shareholders that may qualify for an exemption from the DT should declare their status to their regulated intermediary.

An exemption is provided for in the ITA in respect of foreign dividends received or accrued in respect of listed shares. We recommend that shareholders consult their own tax advisors on the tax consequences of the foreign dividend.

SHARE ISSUE
On 15 June 2015 Tradehold issued 3 200 000 shares to the former shareholders of Mettle, in settlement of the deferred consideration owing by it in terms of the Mettle acquisition in 2014.

On 28 August 2015 Tradehold issued 26 327 171 shares to various subscribers related to the Collins Group and its affiliates, in settlement of the consideration for the acquisition of the commercial property portfolio of the Collins Group and its affiliates, and on 18 December 2015 Tradehold issued a further 2 579 854 shares in settlement of the deferred consideration for the acquisition. The assets acquired comprise investment properties valued at £45.8 million and an interest in a property fund valued at £6.8 million.

CAPITAL COMMITMENTS
Capital commitments contracted but not provided for at year-end are £21 785 265 relating to investment property in the UK, principally relating to a completion payment of £1 357 355 due on a residential development in London, and £5 468 707 relating to investment property in Africa, principally relating to property development in Mozambique, to be funded by long-term borrowings.

OUTLOOK
The board expects satisfactory growth in 2016/17. Tradehold is growing its asset base in both the UK and Africa while several major projects - the regional shopping centres in Bolton and Reading in the UK and the Cognis residential development in Maputo - will contribute to revenue in the new financial year. Others will follow as they reach completion. The financial services division is expected to maintain the momentum built up during the review period while Mettle has entered, through Mettle Solar, the exciting area of renewable energy with its potential in countries such as those of Southern Africa.

The above statements have not been reviewed or reported on by Tradehold's auditors.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

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

The JSE Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of 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 International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

The group has adopted all new and amended accounting pronouncements issued by the International Accounting Standards Board that are effective for financial years commencing 1 March 2015. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 March 2015 had a material impact on the group.

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.

Trading profit on the face of the statement of comprehensive income, being 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.

Core headline earnings exclude once-off and non-operating items. Management believes that it is a useful measure for shareholders of the group's sustainable operating performance. However, this is not a defined term under IFRS and may not be comparable with similarly titles measures reported by other companies.

AUDIT OPINION

The summary consolidated financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of 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 International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements.

These summary consolidated financial statements for the year ended 29 February 2016 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 for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports.

The auditor's report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

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

REPORTING CURRENCY
As the operations of most of Tradehold's subsidiaries are conducted in pounds sterling and because of the distortion caused by the fluctuating value of the rand, the Company reports its results in the former currency.

C H Wiese — Chairman
K L Nordier — Director

Malta
23 May 2016

SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME (£'000)	Audited 12 months to 29/02/16	Audited 12 months to 28/02/15
Revenue	28 651	20 731
Trading profit	16 080	12 012
Gain/(loss) on disposal/(purchase) of investments	24	1 117
Impairment of goodwill	-	(1 288)
Gain on disposal of financial assets	1 920	
Fair value (loss)/gain through profit or loss	(237)	(886)
Operating profit	17 787	10 955
Finance income	3 600	809
Finance cost	(6 684)	(2 289)
Profit from joint venture	197	
Profit from associated companies	381	165
Profit before taxation	15 281	9 640
Taxation	(638)	(605)
Profit for the year before non-controlling interest	14 643	9 035
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Net fair value loss on hedging instruments entered into for cash flow hedges	(163)	(549)
Currency translation differences	(3 987)	(161)
Total comprehensive income for the year	10 493	8 325

Profit attributable to:		
Owners of the parent	14 280	7 832
Non-controlling interest	363	1 203
	14 643	9 035
Total comprehensive income attributable to:		
Owners of the parent	10 170	7 259
Non-controlling interest	323	1 066
	10 493	8 325
Earnings per share (pence): basic		
- basic	7.6	5.1
- headline earnings	5.2	3.3
- core headline earnings (as defined by entity)	6.5	5.4
Number of shares for calculation of earnings per share ('000)	186 818	153 143
Earnings per share (pence): diluted		
- diluted	7.6	5.0
- headline earnings	5.1	3.3
- core headline earnings (as defined by entity)	6.4	5.4
Number of shares for calculation of diluted earnings per share ('000)	188 124	155 341

STATEMENT OF FINANCIAL POSITION (£'000)	Audited 29/02/16	Audited 28/02/15
Non-current assets	235 845	133 399
Property, plant and equipment	7 860	5 186
Investment properties	196 879	120 552
Goodwill	11 758	2 306
Investment in joint venture	13 793	
Investments in associates	3 490	1 544
Deferred taxation	510	261
Trade and other receivables	303	1 645
Loans receivable	1 252	1 905
Current assets	83 213	74 137
Financial assets	6 344	7 271
Loans receivable	3 216	-
Loans to associates	3 648	550
Trade and other receivables	48 051	31 968
Taxation	1	-
Cash and cash equivalents	21 953	34 348
Total assets	319 058	207 536
Equity	160 214	122 328
Ordinary shareholders' equity	160 167	122 244
Non-controlling interest	47	84
Non-current liabilities	113 223	63 901
Preference share capital	28 288	34 753
Long-term borrowings	69 937	19 792
Derivative financial instruments	8 566	2 314
Deferred revenue	5 801	4 818
Contingent consideration	106	2 064
Deferred taxation	526	160
Current liabilities	45 621	21 308
Short-term borrowings	29 519	12 529

Contingent consideration	1 691	-
Taxation	1 286	-
Bank overdrafts	-	206
Other current liabilities	13 125	8 573
Total equity and liabilities	319 058	207 537

STATEMENT OF CHANGES IN EQUITY (£'000)	Audited 12 months to 29/02/16	Audited 12 months to 28/02/15
Balance at beginning of the period	122 328	99 939
Proceeds from ordinary share issue	28 158	13 614
Transactions with owner of the entity	204	(624)
Distribution to minorities	(564)	(883)
Acquisition of subsidiaries	90	(280)
Disposal of subsidiary	-	211
Contingent consideration recognised directly in equity	-	2 453
Deferred consideration recognised directly in equity	-	-
Dividends distributed to shareholders	(495)	(427)
Profit for the year	14 643	9 035
Other comprehensive income for the year	(4 150)	(710)
Balance at the end of the period	160 214	122 328

STATEMENT OF CASH FLOWS (£'000)	Audited 12 months to 29/02/16	Audited 12 months to 28/02/15
Cash flows from operating activities	4 700	9 034
Cash flows utilised in investing activities	(60 529)	(52 001)
Acquisition of investment properties	(35 610)	(50 723)
Acquisition of property, plant and equipment	(1 161)	(389)
Business combinations, net of cash acquired	(9 899)	625
Proceeds on disposal of investment properties	5 637	10 044
Proceeds on disposal of property, plant and equipment	19	39
Net proceeds on disposal of investment	9 191	(181)
Dividends received from associates	576	95
Loans advanced to joint venture	(13 542)	
Loans repaid by/(advanced to) associate undertaking	(4 571)	(396)
Borrowings repaid	-	-
Loans and advances - issued	(69 787)	(55 461)
Loans and advances - repaid	58 618	44 346
Net cash flow	(55 829)	(42 967)
Cash flows from financing activities	43 593	52 118
Proceeds from borrowings	65 904	7 549
Repayment of borrowings	(21 747)	(1 095)
Proceeds from ordinary share issue	-	11 276
Share buy-back from minority shareholder	-	(187)
Proceeds from preference share issue	-	35 674
Redemption of preference shares	-	(216)
Dividends to non-controlling interests	(564)	(883)
Net increase in cash and cash equivalents	(12 236)	9 151
Effect of changes in exchange rate	47	(201)
Cash and cash equivalents at beginning of the year	34 142	25 192
Cash and cash equivalents at end of the year	21 953	34 142

NON CASH TRANSACTION

During the year under review the following non cash transactions took place:

- Purchase of the Collins group property portfolio
  Refer to note 12.1 for detail of the transaction
- Tradehold Limited share issues

On 15 June 2015 3,200,000 Tradehold Limited shares were issued to the former Mettle Investments (Pty) Limited shareholders in settlement of the deferred purchase consideration.

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)
Twelve months to 29 February 2016 (audited)		
Property - United Kingdom	16 331	9 051
Property - Namibia	3 269	4 266
Property - Africa excluding Namibia	1 055	1 053
Short-term lending - United Kingdom	6 558	4 678
Short-term lending - South Africa	1 438	384
Other	-	(1 645)
	28 651	17 787
Twelve months to 28 February 2015 (audited)		
Property - United Kingdom	12 245	8 518
Property - Namibia	-	-
Property - Africa excluding Namibia	-	(290)
Short-term lending - United Kingdom	5 146	3 423
Short-term lending - South Africa	3 340	867
Other	-	(1 563)
	20 731	10 955

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

SUPPLEMENTARY INFORMATION (£'000)		Audited 12 months to 29/02/16	Audited 12 months to 28/02/15
1.	Depreciation for the year	608	372
2.	Capital expenditure for the year	36 771	51 112
3.	Calculation of headline earnings		
	Net profit	14 280	7 832
	Gain on revaluation of investment properties	(4 613)	(2 156)
	Profit on disposal of investment properties	(239)	(1 359)
	Gain from bargain purchase		(9)
	Gain on disposal of investments	(24)	(1 117)
	Impairment of goodwill	-	1 288
	(Profit)/loss on disposal of property, plant and equipment	(19)	134
	Non-controlling interest	244	508
		9 629	5 121
4.	Calculation of core headline earnings		
	Headline profit	9 629	5 121
	Gain on revaluation of investment properties	4 613	2 156
	Profit on disposal of investment properties	239	1 359
	Legal fee income	(220)	(782)
	(Profit)/loss on disposal / fair value adjustment of UBS shares	(1 920)	886
	Non-controlling interest	(233)	(410)
		12 108	8 330
5.	Number of shares in issue ('000)	188 240	156 133

6.	Net asset value per share (pence)	85.1	78.3

7. Financial assets

Unlisted investments at fund managers valuation	6 344	-
Listed investments at fair value	-	7 271
	6 344	7 271

8.	Contingent liabilities	-	480

9. Related parties

During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All these intergroup transactions are similar to those in the prior year and have been eliminated in the annual financial statements on consolidation. For further information, refer to the audited annual financial statements.

10. Events after the reporting period

There are no significant subsequent after year end which need to be adjusted for or additional disclosure required.

11. Goodwill

		Audited 12 months to 29/02/16	Audited 12 months to 28/02/15
11.1	Cost	12 806	3 594
	Accumulated impairment losses	(1 048)	(1 288)
		11 758	2 306
11.2	Cost		
	Balance at beginning of year	3 594	-
	Acquired through business combinations	9 948	3 566
	Foreign currency translation movements	(736)	28
	Balance at end of year	12 806	3 594
11.3	Accumulated impairment losses		
	Balance at beginning of year	(1 288)	-
	Foreign currency translation movements	240	-
	Impairment losses recognised in the year	-	(1 288)
		(1 048)	(1 288)

11.4 Allocation of goodwill to cash-generating units

Management reviews the business performance based on geography and type of business. It has identified the United Kingdom and South Africa as the main geographies. There are property segments in the UK, and short-term lending in South Africa. Goodwill is monitored by management at the operating segment level. The following is a summary of the goodwill allocation for each applicable operating segment:

Twelve months to 29 February 2016 (audited)

	Opening	Additions	Impairment
SA short-term lending	2 287	26	-
UK property - serviced offices	-	9 586	-
Other	19	336	-
Total	2 306	9 948	

Twelve months to 29 February 2016 (audited)

	Foreign currency translation movements	Closing
SA short-term lending	(428)	1 885
UK property - serviced offices	-	9 586
Other	(68)	287
Total	(496)	11 758

Twelve months to 28 February 2015 (audited)

	Opening	Additions	Impairment
SA short-term lending	-	3 575	(1 288)
Other	-	19	-
Total	-	3 594	(1 288)

Twelve months to 28 February 2015 (audited)

	Foreign currency translation movements	Closing
SA short-term lending	-	2 287
Other	-	19
Total	-	2 306

11.4.1 The goodwill allocated to the UK property segment has been determined to be the serviced office business owned by subsidiaries acquired by the Group, mainly relating to the Ventia acquisition disclosed in Note 12.2

No impairment charge arose as a result of the impairment test. 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 one-year period. Cash flows beyond the budget period are extrapolated using the estimated growth rates stated below.

	Audited 29/02/16
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:	
WACC	10.50%
Growth rate	2.50%
Sustainable growth rate	0.50%
The principal assumptions where impairment occurs are as follows:	
WACC	11.80%
Growth rate	(11.00%)
Sustainable growth rate	(1.50%)

11.4.2 The goodwill allocated to the SA short-term lending segment relates to the operations of Mettle Investments (Pty) Limited and its subsidiaries, mainly relating to the acquisition by the Group in the 2015 financial year.

No impairment charge arose as a result of the impairment test (2015: £1.288 million). 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.

The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:

	Audited 29/02/16	Audited 28/02/15
WACC	15.28%	15.49%
Growth rate	8.50%	8.00%
Sustainable growth rate	2.10%	2.10%
Operating profit margin (% of revenue)	25.68%	25.14%

The principal assumptions where impairment occurs are as follows:

WACC	15.60%
Growth rate	7.60%
Sustainable growth rate	1.40%

12. Business Combinations

12.1 Collins group property portfolio

On 18 March 2015 the group acquired a portfolio of commercial property assets in Botswana, Zambia, Namibia, Mozambique and the United Kingdom from Collins Property Projects Proprietary Limited and its affiliates ("Collins group"), and as a composite transaction the Collins group utilised the sale proceeds to subscribe for ordinary shares in Tradehold Limited. This is considered, in substance, to be a non-cash transaction. The subscribers are not permitted to dispose of more than 50% of the Tradehold Limited shares during a 5 year "lock-in" period.

As a result of the acquisition, the group has expanded its property interest in southern Africa (excluding South Africa), and has gained access to the resources and property expertise of the Collins group in Namibia, Botswana, Zambia and Mozambique to assist with the development of the group's African portfolio.

The following table summarises the purchase price allocation for the acquisition, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date.

	Audited 12 months to 29/02/16
Total consideration	28 157
Issuance of ordinary shares	28 157
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value:	
Total assets	60 531
Investment property	45 789
Financial assets	6 855
Property plant and equipment	35

Loans to associates	2 977
Cash and cash equivalents	2 962
Trade and other receivables	1 580
Tax receivables	333
Total liabilities	(32 710)
Borrowings	(29 008)
Tax creditor	(81)
Trade and other payables	(3 621)
Total identifiable net assets	27 821
Goodwill	336
Total consideration	28 157

Goodwill represents the assembled workforce and synergies from the acquisition.

Acquisition-related costs of £113 000 were charged to administrative expenses in the consolidated income statement of the group for the year ending 29 February 2016.

The revenue included in the consolidated income statement for the current year contributed by these assets was £4,714 million. These assets also contributed profit after tax and controlling interest of £1,055 million for the current year.

12.2 Ventia Ltd

On 2 December 2015 The Boutique Workplace Company Ltd acquired the issued share capital of Ventia Ltd, a serviced office business. The acquisition has significantly increased the group's serviced office presence in London and complements the group's existing serviced office business.

The following table summarises the provisional purchase price allocation for the acquisition, and the amounts of the assets acquired and liabilities assumed recognised at the acquisition date. The purchase price allocation will be finalised before the next interim reporting date.

	Audited 12 months to 29/02/16
Total consideration	13 827
Cash paid	13 827
Recognised amounts of identifiable assets acquired and liabilities assumed at provisional fair value:	
Total assets	9 331
Property plant and equipment	2 058
Cash and cash equivalents	955
Trade and other receivables	6 318
Total liabilities	(5 090)
Deferred revenue	(3 406)
Tax creditor	(617)
Trade and other payables	(1 067)
Total identifiable net assets	4 241
Provisional goodwill	9 586
Total consideration paid	13 827
Cash acquired	(955)
Net cash flow on acquisition	12 872

Goodwill represents the assembled workforce and synergies from the

acquisition.
Acquisition-related cost of £271,513 were charged to administrative expenses in the consolidated income statement of the group for the year ending 29 February 2016.
The revenue included in the consolidated income statement for the current year contributed by these assets was £3.2 million. These assets also contributed profit after tax and controlling interest of £0.45 million for the current year.

13. Fair value hierarchy

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

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

The following table presents the group's financial assets and liabilities that are measured at fair value at 29 February 2016:

		Audited 29/02/16	
Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Securities	-	-	6 344
Non-financial assets at fair value through profit or loss			
Investment properties	-	-	196 879
Total assets	-	-	203 222
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration	-	-	1 797
Trading derivatives			
Cross currency swap	-	7 854	-
Derivatives used for hedging			
Interest rate contracts	-	712	-
Financial liabilities at amortised cost			
Preference shares	28 288	-	-
Borrowings	-	-	99 456
Total liabilities	28 288	8 566	101 253

		Audited 28/02/15	
Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Trading securities	7 271	-	-
Non-financial assets at fair value through profit or loss			
Investment properties	-	-	120 552
Total assets	7 271	-	120 552
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration	-	-	2 064

Trading derivatives			
Cross currency swap	-	1 765	-
Derivatives used for hedging			
Interest rate contracts	-	549	-
Financial liabilities at amortised cost			
Preference shares	34 753	-	-
Borrowings	-	-	32 321
Total liabilities	34 753	2 314	34 385

The fair value of financial instruments traded in active markets is based on quoted market prices at the period-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 fair value of investment properties is based on rental yield valuations at the year-end.

Should UK property yields increase by 1%, the valuations would be lower by approximately	£17.94 million.
Should UK property yields decrease by 1%, the valuations would be higher by approximately	£24.57 million.
Should Namibia property yields increase by 1%, the valuations would be lower by approximately	£2.13 million.
Should Namibia property yields decrease by 1%, the valuations would be higher by approximately	£2.53 million.
Should Africa property yields increase by 1%, the valuations would be lower by approximately	£0.86 million.
Should Africa property yields decrease by 1%, the valuations would be higher by approximately	£1.04 million.

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.

14. Fair value of financial instruments

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.