("Tradehold" or "the company" or "the group")
(Registration number 1970/009054/06)
JSE share code: TDH
ISIN: ZAE000152658

INTERIM CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS TO 31 AUGUST 2016

Although listed on the JSE Limited ("JSE"), by far the greater part of Tradehold's operating assets lies outside South Africa – mostly in the UK but also on the African continent. For this reason – and to avoid distortion caused by the fluctuating value of the rand – the company reports its results in pound sterling. Its assets are in property, serviced offices and, to a lesser extent, in financial services. It holds its property assets in the UK through its holding in Moorgarth, the dominant component of the business, and in Africa through its holding in Tradehold Africa, whilst 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

For the six months to August 2016, Tradehold continued the robust growth of the previous two years across its businesses both in terms of profit and, in the case of its property companies, in the size of their investment portfolios. The group's total assets grew by 26% to £379 million (2015: £301 million) against the corresponding period while revenue increased by 71% to £20.9 million (2015: £12.2 million) and total profit attributable to shareholders by 39% to £10.9 million (2015: £7.8 million).

Net asset value per share grew 11.7% to 92.6 pence (2015: 82.9 pence) or 9% for the 6 month period (February 2016: 85.1 pence) and earnings per share grew 38.1% to 5.8 pence (2015: 4.2 pence).

BUSINESS ENVIRONMENT

The unexpected outcome of the Brexit referendum created immediate turmoil in the markets in the UK, with the FTSE initially tumbling and sterling dropping to its lowest level against the US$ in more than 30 years. However, the share market has since stabilised although the currency has remained under pressure. At the end of the reporting period the prices of commercial properties, unlike residential, had held up well in central London. After an initial downward slide, retail trading in this area also recovered across the board. Outside London, on average the property market held up well with ongoing demand for space. However, the situation remains volatile, and the decision of the Prime Minister after the reporting period to invoke Article 50 of the EU treaty by the end of March 2017 has caused a new round of uncertainty.

The expansion of Tradehold's operations in Africa continues to be centred on Southern Africa, mainly Namibia and Mozambique. Namibia's political stability and its sound economic management over the years enable developers to invest there with a considerable measure of confidence while Mozambique's economy is expected to recover once the mega gas projects come on stream. However, we remain cautious about substantial further investments in the near term outside the Common Monetary Area.

PROPERTY

Moorgarth

Moorgarth continues as Tradehold's biggest income producer. The Brexit vote, coming as it did towards the end of the reporting period, did not have a material effect on its operations which continued to trade well even with the initial market turmoil. Although there are signs of property values falling slightly in some sectors, the work Moorgarth has done in active asset management of its portfolio has underpinned the overall portfolio value. Revenue increased 104.5% to £13.9 million, reflecting, inter alia, the impact of the acquisition in December 2015 of Ventia, which has helped elevate the group's serviced-office division to one of the foremost in central London. Moorgarth's contribution (net profit plus group interest) to total group net profit increased by 220% to £6.4 million (2015: £2 million).

The merger of Ventia with the existing serviced office business has been completed, and the merged business now operates under a new corporate identity The Boutique Workplace Company Limited, which operates over 3000 workstations in 26 centres across central London.

Work continued on the redevelopment of the Market Place, a major retail centre in Bolton near Manchester, which saw a significant increase in lettings and a 20% increase in footfall.

The refurbishment of the Broad Street Mall at Reading outside London, acquired in June 2015 at a cost of £65.4 million in a joint venture with Texton Property Fund Ltd, is due for completion before the end of the calendar year. In addition, two floors were recently let in the office block adjoining the mall, with a further two remaining to be let.

Shortly before the end of the reporting period Moorgarth acquired, at a cost of £10.4 million, a retail unit in Nottingham, which is let to New Look. The opportunity arose to buy the asset at a 10% yield due to short term liquidity issues for the pension fund vendor.

Tradehold Africa

The focus of Tradehold Africa during the reporting period remained on consolidating and achieving economies of scale, in particular in Namibia and Mozambique. Tradehold Africa's contribution (net profit plus group interest) to total group net profit increased by 38% to £4,8m (2015: £1m).

Tradehold Africa, which develops either independently or with partners, is at present involved in 11 properties across Namibia which are in various stages of planning, construction and completion. Of these, eight are shopping centres or include retail components. Three of them are substantial malls completed in or planned for the populous north in the towns of Rundu, Oshakati and Katima Mulilo. All three are expected to eventually dominate their retail environments.

In Maputo in Mozambique the company has completed, on time and within budget, the large, highly specialised and purpose-built Acacia Estate (the Cognis development), with units being leased on a long-term basis both to the American Embassy and to the American oil-exploration company Anadarko.

Current developments in which the company is involved on a partnership basis include shopping malls along the coast at Beira and Pemba.

Collins South Africa

Tradehold entered into agreements with the Collins Group of KwaZulu-Natal to acquire its commercial property business within South Africa for ZAR1 715 million. This follows the acquisition of its UK and Southern Africa (excluding South Africa) assets in the previous financial year. This fourth-generation family-owned property development business has built an excellent track record for the development and management of commercial properties across Southern Africa and beyond.

The portfolio consists of 151 industrial, distribution centre, retail and office property assets located mainly in Gauteng and KwaZulu-Natal.

The transaction is expected to complete in December 2016 and will add a diversified portfolio of South African properties and an experienced property development and management team to Tradehold. The resultant increase in Tradehold's net asset value and profitability will facilitate further growth both in South Africa, via Collins, and abroad with a particular focus on Tradehold's investments in the UK.

FINANCIAL SERVICES

Reward

The uncertainty created among small business owners following the UK's vote to leave the EU has led to a marked drop in the SME confidence index. Nevertheless, the lending market in this sector has become more competitive with new players entering the field and offering additional funding options. Despite the intensified competition within the sector, Reward's highly experienced management team continues to provide the company with a very real advantage in the market place, with its ability to quickly assess and deliver flexible funding solutions. Defying difficult trading conditions, the company achieved a pre-tax net profit of £1.3 million (2015: £1.1 million) on turnover of £3.7 million (2015: £3.1 million). Its total contribution to the net profit of the group (i.e. after minorities plus group interest) was £1.9 million, an increase of 19% over the previous year (2015: £1.6 million).

Mettle

Over the review period Mettle has performed in line with budget across its business units which span a wide spectrum – from corporate advisory, specialist lending, credit administration and solar power solutions. Mettle Solar, a division established in the previous financial year and which rents out solar photovoltaic systems, is currently involved in ten projects. Four of these are in Namibia.

Mettle achieved a net profit of £358 000 for the reporting period, marginally below the £379 000 of the corresponding period.

DIVIDEND

The board has decided not to declare an interim dividend.

OUTLOOK

The UK market is expected to remain volatile while the country navigates the complex process of withdrawing from the EU over a likely period of two years. In terms of our UK operations we therefore remain careful in the acquisition of new properties while rigorously managing assets already in the portfolio to ensure they deliver optimal benefits. Our serviced office business should benefit in the current uncertain economic conditions, as it offers flexible occupation contracts for its clients. The board is comfortable that Reward's highly skilled and experienced management team will continue to capitalise on the opportunities of a changing market with vision but caution. We are also confident of unlocking value from our existing opportunities in Tradehold Africa.

Judging by the performance of the companies in the group since the end of the reporting period, we expect Tradehold to improve on the results achieved in the 2016 financial year.

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

ACCOUNTING POLICY

The consolidated interim financial information is prepared in accordance with the requirements of the JSE Listings Requirements for interim reports, and the requirements of the Companies Act, 2008 (Act No 71 of 2008).

The JSE Listings Requirements require interim 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 interim financial statements, 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, except for the adoption of the following new standards, amendments to publicised standards and interpretations that became effective for the current reporting period beginning on 1 March 2016:

Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation
In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.

Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures'
These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

ACCOUNTING POLICY (continued)

Annual Improvements 2012 – 14 cycle
IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal. The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

IFRS 7, 'Financial instruments: Disclosures', regarding servicing contracts. If an entity transfers a financial asset to a third party under conditions which allow the transferor to derecognise the asset, IFRS 7 requires disclosure of all types of continuing involvement that the entity might still have in the transferred assets.

IAS 19, 'Employee benefits' regarding discount rates. The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

IAS 34, 'Interim financial reporting' regarding disclosure of information. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'. The amendment further amends IAS 34 to require a cross-reference from the interim financial statements to the location of that information.

Core headline earnings

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 titled measures reported by other companies.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the group financial director, Karen Nordier BAcc, BCompt Hons, CA (SA). The condensed consolidated interim results for the six months ended 31 August 2016 have not been audited or independently reviewed by the group's external auditors, PricewaterhouseCoopers Inc.

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 company reports its results in the former currency.

H R W Troskie	**K L Nordier**
Acting Chairman	*Director*

Malta
2 November 2016

STATEMENT OF COMPREHENSIVE INCOME

(£'000)	**Unaudited 6 months to 31/08/16**	**Unaudited 6 months to 31/08/15**	**Audited 12 months to 29/02/16**
Revenue	20 905	12 206	28 651
Other operating income	146	4 085	822
Profit on disposal of investment properties	—	—	239
Net gain from fair value adjustment on investment property	12 618	628	4 613
Loss on disposal and scrapping of PPE (excluding buildings)	(54)	—	19
Employee benefit expenses	(1 676)	(1 317)	(4 708)
Lease expenses	(246)	(297)	(593)
Depreciation, impairment and amortisation	(931)	(158)	(608)
Other operating costs	(11 689)	(7 548)	(12 355)
Trading profit	19 073	7 599	16 080
Gain on disposal/purchase of investments	242	—	24
Gain on disposal of financial assets	—	1 919	1 920
Fair value (loss)/gain on financial assets at fair value through profit or loss	167	(372)	(237)
Operating profit	19 482	9 146	17 787
Finance income	843	1 868	3 600
Finance cost	(4 449)	(2 846)	(6 684)
Earnings from joint venture	70	80	197
Earnings from associated companies	140	159	381
Profit before taxation	16 086	8 407	15 281
Taxation	(615)	(404)	(638)
Profit for the year before non-controlling interest	15 471	8 003	14 643
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)
Currency translation differences	3 427	(4 170)	(3 987)
Total comprehensive income for the year	18 898	3 833	10 493
Profit attributable to:			
Owners of the parent	10 894	7 818	14 280
Non-controlling interest	4 577	185	363
	15 471	8 003	14 643
Total comprehensive income attributable to:			
Owners of the parent	14 327	3 648	10 170
Non-controlling interest	4 571	185	323
	18 898	3 833	10 493
Earnings per share (pence): basic			
– basic	5.8	4.2	7.6
– headline earnings (as required by IFRS)	1.3	3.9	5.2
– core headline earnings (as defined by entity)	5.7	3.1	6.5
Number of shares for calculation of earnings per share ('000)	188 770	185 412	186 818
Earnings per share (pence): diluted			
– diluted	5.8	4.2	7.6
– headline earnings (as required by IFRS)	1.3	3.8	5.1
– core headline earnings (as defined by entity)	5.7	3.1	6.4
Number of shares for calculation of diluted earnings per share ('000)	189 034	187 222	188 124

STATEMENT OF FINANCIAL POSITION

(£'000)	**Unaudited 31/08/16**	**Unaudited 31/08/15**	**Restated 29/02/16**
Non-current assets	295 986	208 730	235 845
Property, plant and equipment	8 333	5 207	7 860
Investment properties	249 707	179 397	196 879
Intangible assets	1 054	—	1 518
Goodwill	10 454	3 562	10 240
Investment in joint venture	18 452	13 458	13 793
Investments in associates	4 521	2 483	3 490
Deferred taxation	501	124	510
Trade and other receivables	359	352	303
Loans receivable	2 605	4 147	1 252
Current assets	83 720	92 092	83 213
Financial assets	6 280	6 217	6 344
Loans receivable	49	1 580	3 216
Loans to associates	893	125	3 648
Trade and other receivables	55 229	40 359	48 051
Taxation	—	—	1
Cash and cash equivalents	21 269	43 811	21 953
Total assets	379 706	300 822	319 058
Equity	179 767	154 084	160 214
Ordinary shareholders' equity	175 488	153 933	160 167
Non-controlling interest	4 279	151	47
Non-current liabilities	136 556	105 330	113 223
Preference share liability	33 087	30 716	28 288
Long-term borrowings	92 109	62 882	69 937
Derivative financial instruments	4 468	6 325	8 565
Deferred revenue	6 140	5 198	5 801
Contingent consideration	—	83	106
Deferred taxation	752	126	526
Current liabilities	63 383	41 408	45 621
Trade and other payables	12 989	12 099	12 028
Short-term borrowings	47 905	27 000	29 519
Loans from joint venture	245	—	47
Loans from associates	—	—	1 050
Contingent consideration	125	1 779	1 691
Taxation	2 119	530	1 286
Total equity and liabilities	379 706	300 822	319 058

STATEMENT OF CHANGES IN EQUITY

(£'000)	**Unaudited 6 months to 31/08/16**	**Unaudited 6 months to 31/08/15**	**Audited 12 months to 29/02/16**
Balance at beginning of the period	160 214	122 328	122 328
Issue of ordinary shares	1 743	25 644	28 158
Transactions with owner of the entity	(535)	264	294
Distribution to minorities	—	—	(564)
Share based payment	19	—	—
Deferred consideration recognised directly in equity	—	2 513	—
Dividends distributed to shareholders	(572)	(498)	(495)
Profit for the year	15 471	8 003	14 643
Other comprehensive income for the year	3 427	(4 170)	(4 150)
Balance at the end of the period	179 767	154 084	160 214

STATEMENT OF CASH FLOWS

(£'000)	**Unaudited 6 months to 31/08/16**	**Unaudited 6 months to 31/08/15**	**Audited 12 months to 29/02/16**
Cash flows from operating activities	5 508	1 999	4 700
Cash flows utilised in investing activities	(42 504)	(25 517)	(60 529)
Acquisition of investment properties	(33 320)	(18 663)	(35 610)
Acquisition of property, plant and equipment	(1 457)	(179)	(1 161)
Business combinations	—	2 933	(9 899)
Proceeds on disposal of investment properties	—	1 650	5 637
Proceeds on disposal of property, plant and equipment	—	—	19
Net proceeds on disposal of investment	—	9 191	9 191
Dividends received from associates	444	687	576
Loans advanced to joint venture	(2 590)	(13 378)	(13 542)
Loans repaid by/(advanced to) associate undertaking	602	863	(4 571)
Loans and advances – issued	(41 297)	(35 615)	(69 787)
Loans and advances – repaid	35 114	26 994	58 618
Cash flows from financing activities	36 263	33 300	43 593
Proceeds from borrowings	60 578	33 300	65 904
Repayment of borrowings	(24 208)	—	(21 747)
Share buy-back from minority shareholder	(117)	—	—
Proceeds from preference share issue	10	—	—
Dividends to non-controlling interests	—	—	(564)
Net increase in cash and cash equivalents	(733)	9 782	(12 236)
Effect of changes in exchange rate	49	(113)	47
Cash and cash equivalents at beginning of the year	21 953	34 142	34 142
Cash and cash equivalents at end of the year	21 269	43 812	21 953
Cash and cash equivalents consists of:			
Cash and cash equivalents	21 269	43 811	21 953
	21 269	43 811	21 953

Non cash transaction

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

– Tradehold Limited share issues

On 10 June 2016 1 189 730 Tradehold Limited shares were issued to the former Mettle Investments (Pty) Limited shareholders in final settlement of the deferred purchase consideration.

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)
Six months to 31 August 2016 (unaudited)		
Property		
– United Kingdom	13 859	8 085
– Namibia	1 744	1 492
– Africa excluding Namibia	781	7 943
Short-term lending		
– United Kingdom	3 711	2 672
– South Africa	810	201
Other	—	(911)
	20 905	19 482
Six months to 31 August 2015 (unaudited)		
Property		
– United Kingdom	6 775	2 472
– Namibia	935	901
– Africa excluding Namibia	525	1 455
Short-term lending		
– United Kingdom	3 087	2 193
– South Africa	884	341
Other	—	1 784
	12 206	9 146
Twelve months to 29 February 2016 (audited)		
Property		
– United Kingdom	16 331	9 051
– Namibia	3 269	4 266
– Africa excluding Namibia	1 055	1 053
Short-term lending		
– United Kingdom	6 558	4 678
– South Africa	1 438	384
Other	—	(1 645)
	28 651	17 787

SUPPLEMENTARY INFORMATION

	(£'000)	Unaudited 6 months to 31/08/16	Unaudited 6 months to 31/08/15	Audited 12 months to 29/02/16
1.	Depreciation for the period	931	158	608
2.	Capital expenditure for the period	34 777	14 519	36 771
3.	Calculation of headline earnings			
	Net profit	10 894	7 818	14 280
	Net gain from fair value adjustment on investment properties	(12 618)	(629)	(4 613)
	Profit on disposal of investment properties	—	—	(239)
	Gain on disposal of investments	(242)	—	(24)
	Loss/(profit) on disposal of property, plant and equipment	54	—	(19)
	Total non-controlling interest and tax effects of adjustments	4 333	—	244
		2 421	7 189	9 629
4.	Calculation of core headline earnings			
	Headline profit	2 421	7 189	9 629
	Net gain from fair value adjustment on investment properties	12 618	629	4 613
	Profit on disposal of investment properties	—	—	239
	Legal fee income	—	—	(220)
	Profit on disposal/fair value adjustment of UBS shares	—	(1 919)	(1 920)
	Total non-controlling interest and tax effects of adjustments	(4 333)	(33)	(233)
		10 706	5 866	12 108
5.	Number of shares in issue ('000)	189 430	185 660	188 240
6.	Net asset value per share (pence)	92.6	82.9	85.1
7.	Financial assets			
	Unlisted investments at fund managers valuation	6 280	6 217	6 344
8.	Contingent liabilities	—	480	—
9.	Related parties			
	During the period 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 interim financial statements on consolidation.			
10.	Cashflow from operating activities			
	Operating profit/(loss)	19 482	9 146	17 787
	Non-cash items	(12 023)	(2 018)	(5 530)
	– depreciation, impairment and amortisation	931	158	608
	– profit on disposal of investment properties	—	—	(239)
	– loss/(profit) on disposal of PPE	54	—	(19)
	– net gain on fair value adjustment on investment properties	(12 618)	(629)	(4 613)
	– fair value (gain)/loss on financial assets at fair value	(167)	372	237
	– impairment of loans	—	—	440
	– profit on disposal of investments	(242)	(1 919)	(1 947)
	– other non-cash items	19	—	3
	Changes in working capital	2 043	(4 941)	(4 138)
	– trade and other receivables	761	(6 333)	1 182
	– trade and other payables	1 282	1 392	(5 320)
	Cash used in operations	(3 994)	(188)	(3 419)
	– interest received	844	1 868	3 600
	– interest paid	(4 720)	(2 846)	(6 233)
	– dividends paid	(572)	(498)	(495)
	– taxation paid	454	1 288	(291)
	Net cash flows from operating activities	5 508	1 999	4 700

SUPPLEMENTARY INFORMATION (continued)

	(£'000)	Unaudited 6 months to 31/08/16	Unaudited 6 months to 31/08/15	Restated 12 months to 29/02/16
11.	Goodwill			
11.1	Cost	11 676	4 850	11 288
	Accumulated impairment losses	(1 222)	(1 288)	(1 048)
		10 454	3 562	10 240
11.2	Cost			
	Balance at beginning of year	11 288	3 594	3 594
	Acquired through business combinations	25	1 547	8 430
	Foreign currency translation movements	363	(291)	(736)
	Balance at end of year	11 676	4 850	11 288
11.3	Accumulated impairment losses			
	Balance at beginning of year	(1 048)	(1 288)	(1 288)
	Foreign currency translation movements	(174)	—	240
		(1 222)	(1 288)	(1 048)

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:

	Opening	Additions	Impairment	Foreign currency translation movements	Closing
Six months to 31 August 2016 (unaudited)					
SA short-term lending	1 885	—	—	314	2 199
UK property	8 068	25	—	—	8 093
Other	287	—	—	(125)	162
Total	10 240	25	—	189	10 454
Six months to 31 August 2015 (unaudited)					
SA short-term lending	2 287	—	—	(291)	1 996
UK property	—	489	—	—	489
Other	19	1 058	—	—	1 077
Total	2 306	1 547	—	(291)	3 562
Twelve months to 29 February 2016 (restated)					
SA short-term lending	2 287	26	—	(428)	1 885
UK property	—	8 068	—	—	8 068
Other	19	336	—	(68)	287
Total	2 306	8 430	—	(496)	10 240

SUPPLEMENTARY INFORMATION (continued)

12. Business Combinations

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 fair value exercise is now complete and the following table summarises the revised fair value purchase price allocation for the acquisition.

	Unaudited 6 months to 31/08/16	Unaudited 6 months to 31/08/15	Restated 12 months to 29/02/16
Total consideration	—	—	13 827
Cash paid	—	—	13 827
Recognised amounts of identifiable assets acquired and liabilities assumed at fair value			
Total assets	—	—	10 849
Property plant and equipment	—	—	2 058
Intangible assets	—	—	1 518
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	—	—	5 759
Goodwill	—	—	8 068
Total consideration paid	—	—	13 827
Cash acquired	—	—	(955)
Net cash flow on acquisition	—	—	12 872

13. Fair value estimation

Effective 1 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This 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 31 August 2016.

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Securities	—		6 280
Non-financial assets at fair value through profit or loss			
Investment properties	—	—	249 707
Total assets	—	—	255 987
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration	—	—	125
Trading derivatives			
Cross currency swap	—	3 761	—
Derivatives used for hedging	—	707	—
Interest rate contracts			
Financial liabilities at amortised cost			
Preference shares	33 087	—	—
Borrowings	—	—	140 014
Total liabilities	33 087	4 468	140 139

SUPPLEMENTARY INFORMATION (continued)

13. Fair value estimation (continued)

The following table presents the group's financial assets and liabilities that are measured at fair value at 31 August 2015.

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Securities	—	—	6 217
Non-financial assets at fair value through profit or loss			
Investment properties	—	—	179 397
Total assets	—	—	185 614
Liabilities			
Financial liabilities at fair value through profit and loss			
Contingent consideration	—	—	1 862
Trading derivatives			
Cross currency swap	—	5 776	—
Derivatives used for hedging	—	549	—
Interest rate contracts			
Financial liabilities at amortised cost			
Preference shares	30 716	—	—
Borrowings	—	—	89 882
Total liabilities	30 716	6 325	91 744

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

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	—	—	203 223
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	—	—	99 455
Total liabilities	28 288	8 566	101 252

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 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 at the period-end.
Should UK property yields increase by 1%, the valuations would be lower by approximately £41.54 million.
Should UK property yields decrease by 1%, the valuations would be higher by approximately £85.69 million.
Should Namibia property yields increase by 1%, the valuations would be lower by approximately £4.96 million.
Should Namibia property yields decrease by 1%, the valuations would be higher by approximately £7.19 million.
Should Africa property yields increase by 1%, the valuations would be lower by approximately £1.57 million.
Should Africa property yields decrease by 1%, the valuations would be higher by approximately £2.13 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 period.

SUPPLEMENTARY INFORMATION (continued)

14. Events after the reporting period

Purchase of the Collins group South Africa property portfolio:
During the reporting period Tradehold Limited entered into written agreements with the various sellers to acquire a portfolio of immoveable properties located in, inter alia, Kwa-Zulu Natal, Eastern Cape, Western Cape and Gauteng, South Africa (the "Collins Portfolio"), effective from 29 February 2016, through the purchase of the total issued share capital, as well as all the shareholder's loans in Imbali Props 21 Pty Ltd, Saddle Path Props 69 Pty Ltd and Collins Property Projects Pty Ltd (the "Transaction").

The Purchase Consideration will be discharged by way of a combination of the issue of 57.7 million new Tradehold Ordinary Shares at an issue price of ZAR28.73 (£1.5) each, and £3 million in cash.

The Acquisition Date is dependent on the fulfilment of the final conditions precedent to the Transaction. The Transaction is subject to the following conditions precedent: the approval of the Transaction by the South African Competition Authorities and the Takeover Regulation Panel; the obtaining of all other required third party consents, including from debt funding counterparties; the JSE approving the listing of the Tradehold Shares to be issued in terms of the Transaction; the approval of the Transaction by the Shareholders in terms of the Companies Act and the JSE Listings Requirements; and the increase of Tradehold's authorised share capital to enable Tradehold to settle a portion of the Purchase Consideration by way of the issue of Tradehold Ordinary Shares.

The results of the operations of the Collins Portfolio will be included in Tradehold Limited's consolidated financial statements from the Acquisition Date.

The provisional carrying values of the assets and liabilities of the Colllins Portfolio on 31 August 2016 are as follows:

	(£'000)
Total consideration	79 947
Issuance of ordinary shares	76 919
Cash paid	3 028
Assets	
Investment properties	321 155
Cash and cash equivalents	191
Total assets	321 346
Liabilities	
Non-controlling interest	6 648
Long term liabilities	224 838
Total liabilities	231 486
Total net assets	89 860
Bargain purchase gain	(9 913)
Total consideration paid	79 947

The provisional bargain purchase gain arises due to the decrease in the Tradehold share price from the Transaction share price of ZAR28.73, to ZAR25.45 at 31 August 2016. The final Goodwill / Bargain purchase gain will be dependent on the Tradehold share price at the Acquisition Date.

SUPPLEMENTARY INFORMATION (continued)

15. Share based payments

A new employee share option scheme, the Tradehold Limited Employee Share Trust ("ESOP"), was adopted during the period. The options granted under the ESOP are exercisable at the market price of the shares on the date of Tradehold board approval of the award, in three equal tranches on the fourth, fifth and sixth anniversary of the board approval date, provided that the employee is still employed on such exercise date. The fair value at the date of acceptance of the award by the employee (the "Grant Date") is estimated using a binomial pricing model, taking into account the terms and conditions upon which the options were granted. There is no cash settlement of the options.

The following options were granted in terms of the ESOP during the six months ended 31 August 2016:
On 23 March 2016 (the Grant Date), an award of 263 681 share options of ZAR 22.18 per share were accepted by DA Harrop, exercisable in three equal tranches on 5 November 2019, 5 November 2020 and 5 November 2021 respectively.

The fair value of the options granted was estimated on the Grant Date using the following assumptions:

Dividend yield (%)	—
Expected volatility (%)	19.30
Risk-free interest rate (%)	9.32
Expected life of share options (years)	5.62
Weighted average share price (ZAR)	29.25
The weighted average fair value of the options granted during the six month period was £	181 838

For the six months ended 31 August 2016, Tradehold has recognised a share-based payment expense in the statement of profit or loss of £18 776 (31 August 2015: £0).

DIRECTORS AND ADMINISTRATION

Executive directors: TA Vaughan, FH Esterhuyse, DA Harrop, KL Nordier
Non-executive directors: CH Wiese (alternate JD Wiese), HRW Troskie, JM Wragge, MJ Roberts
Independent non-executive directors: HRW Troskie, JM Wragge, MJ Roberts
Company secretary: Mettle Corporate Finance (Pty) Ltd
Transfer secretary: Computershare Investor Services (Pty) Ltd
Sponsor: Bravura Capital (Pty) Ltd