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")

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE TRADEHOLD GROUP

FOR THE SIX MONTHS TO 31 AUGUST 2021 AND CASH DIVIDEND DECLARATION

KEY INFORMATION


52 KUBU AVENUE, KZN

- **TOTAL ASSETS**: £825 MILLION (28 FEBRUARY 2021: £808 MILLION)
- **REVENUE:** £39.6 MILLION (31 AUGUST 2020: £34.5 MILLION)
- **ORDINARY SHAREHOLDERS' EQUITY:** £232.2 MILLION (28 FEBRUARY 2021: £225.2 MILLION)


SASOL GAS, GERMISTON

- **NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS:** £4.9 MILLION (31 AUGUST 2020: LOSS £8.7 MILLION)
- **HEADLINE EARNINGS PER SHARE:** 2.6 PENCE (31 AUGUST 2020: 0.5 PENCE)


25 LIME STREET, LONDON

- **TANGIBLE NET ASSET VALUE PER SHARE:** 98 PENCE/R19.67 (28 FEBRUARY 2021: 94 PENCE/R19.75)
- **INTERIM DIVIDEND:** 30 CENTS PER ORDINARY SHARE (24 MAY 2021: 30 CENTS).

FINANCIAL PERFORMANCE

– Total assets now amount to £825 million (28 February 2021: £808 million).
– Revenue was £39.6 million for the six month period (31 August 2020: £34.5 million) while total profit attributable to shareholders stood at £4.9 million (31 August 2020: loss of £8.7 million).
– Headline earnings per share was 2.6 pence, up from 0.5 pence for the comparable period, and tangible net asset value per share (as defined by management) was 98 pence/R19.67, compared to 94 pence/R19.75 at 28 February 2021.

OPERATIONAL PERFORMANCE

– Tradehold achieved a net profit of £4.9 million compared to a loss of £8.7 million in the corresponding period.
– Collins Group reported a net operating profit before tax of R187.1 million, R27.5 million above budget. It succeeded in collecting 99% of all rentals and arrears despite the KwaZulu-Natal unrest.
– Moorgarth achieved a net profit of £1.9 million against a net loss of £12.4 million in the corresponding period.
– Boutique increased the occupancy level of its flexible office accommodation from 67% at year end to 85%, while boosting the number of its workstations in Greater London to more than 5 100.

OPERATIONAL PERFORMANCE (CONTINUED)

Tradehold Group

Tradehold's net assets at the reporting date were split across the United Kingdom in pound sterling (39.5%), United States dollar assets in Africa (8.2%), and the balance in South African rand (52.3%). 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 (previously known as The Boutique Workplace Company), a provider of flexible office accommodation in Greater London. Moorgarth owns a number of Boutique's sites.

Collins Group

The civil unrest in KwaZulu-Natal has underlined the necessity of diversifying the company's property portfolio, not only in terms of asset class but also in terms of geographical spread. A start was made in this direction with Collins' first Austrian acquisition at the end of the 2021 financial year. The new acquisition represents 7% of its overall portfolio.

As part of this rebalancing process, Collins Group has continued to dispose of mainly smaller, non-core properties. Six were transferred during the reporting period while the unconditional transfer of a further four is imminent.

A total of 21 smaller properties in the portfolio were impacted by the riots in July. However, 90% of the loss suffered (totalling R74 million, excluding VAT), involved six buildings of which three were totally destroyed. Fortunately, none of the company's large industrial parks and distribution centres which constitute the bulk of the portfolio, saw any damage or looting, thanks to hands on management and the deployment of specialised security.

The group delivered an operating profit before tax of R187.1 million, by collecting 99% of all rentals and arrears. This was R27.5 million above budget.

The company's ability to weather the vicissitudes brought on by the pandemic is largely due to the long-term contracts – still with a weighted average expiry date of more than six years – with some of South Africa's major companies and conglomerates. Although vacancies have pushed up slightly from 2.3% to 2.9%, they remain substantially below the market average.

The total value of the Collins portfolio was £466 million (R9 349 million) at the reporting date, compared with £444 million (R9 310.8 million) as at 28 February 2021. The £ value has been favourably affected by the currency improvement of the South African rand to pound sterling (R20.06 at the reporting date compared to R20.96 at 28 February 2021).

Collins Group contributed net profit of £4.5 million (31 August 2020: £3.3 million) to the group's net profit after minorities in the six-month period.

Moorgarth

The UK market opened fully in June when all restrictions on leisure activities were lifted. This resulted in a significant increase in footfall in shopping centres and consequently much improved trading performances by certain of the company's retail and leisure tenants. This, and other factors, enabled Moorgarth to achieve a net profit of £1.9 million for the reporting period against a budgeted loss of £0.6 million.

The other factors include higher rent recoveries which at circa 90%, were above the market average. Consequently, Moorgarth could meet all its operating costs and all external debt requirements from operating income.

Moorgarth is not immune to an economy where GDP has contracted by 10% since the beginning of 2020.

With shopping centres having shown themselves vulnerable to changes in global retail trends as well as Covid restrictions imposed by government, Moorgarth has continued its efforts to reduce exposure to retail, now constituting 37% by value of the total portfolio. The balance comprises mostly commercial properties some of which have been bought and occupied by Boutique.

Negotiations to sell the group's major co-owned shopping centre in Reading near London is ongoing, with strong interest being shown from several quarters. A deal is expected to be concluded in the second half of the year.

Moorgarth contributed net profit of £1.9 million to the group's net profit after minorities, against a net loss of £12.4 million at 31 August 2020.

The total value of Moorgarth's portfolio at half year (excluding IFRS 16 right-of-use assets) was £216.3 million (28 February 2021: £217.8 million) if its interest in joint ventures (not reflected in the balance sheet) is included.

OPERATIONAL PERFORMANCE (CONTINUED)

Boutique

Boutique provides flexible office accommodation in more than 29 buildings in Greater London. Together they offer more than 5 100 individual workstations in a modern environment adapted to the needs of individual clients.

Boutique started the new financial year with an occupancy rate of 67%, dropping from 92% at the start of the pandemic. Thanks to intensive sales activity, occupancy has recovered to 85%. This involved letting more than 750 workstations. Management now expects the business to be trading profitably on a monthly basis by the end of the financial year.

The increase in the number of lettings was also boosted by a steadily recovering market. The recovery is also marked by a substantial change in how tenants are using space in the light of the new work-from-home culture. This coincides with a recent Property Week survey in which 80% of those questioned said face-to-face interaction with colleagues was the most important reason for returning to the office.

At the start of the financial year management projected a loss of £2.5 million for the 12-month period. Having comfortably exceeded the budget for the first half, management now expects Boutique to return to profitability in the first half of 2022/23.

In the period under review the company remained cash positive as it has throughout the pandemic, and it was able to meet all debt obligations without any additional borrowing. The main focus will remain generating new revenue to above pre-Covid levels.

Boutique's traditional EBITDA (earnings before interest, tax, amortisation and depreciation, but after IFRS 16-related interest and depreciation) for the six months to end August 2021 was a loss of £869 000 (31 August 2020: earnings of £595 000).

Nguni Group (Namibia)

The Namibian portfolio, comprising mainly retail and office accommodation, reported a profit of N$7.9 million for the period under review. Present activity is mostly focused on the group's major properties in the centre of Windhoek, with several major lettings in the pipeline.

The value of the Namibian portfolio was £36.4 million (N$730.2 million) at the reporting date, compared with £34.8 million (N$730.2 million) on 28 February 2021. The value has been favourably affected by the currency improvement of the Namibian dollar to pound sterling (N$20.06 at the reporting date compared to N$20.96 at 28 February 2021). Namibia contributed net profit after minorities of £1 million to the group (31 August 2020: net profit of £1 million).

Tradehold Africa Group (Mozambique and Zambia)

The group is still in the process of selling its last few properties in Zambia and Mozambique. All these properties are still being operated on a profitable basis and are expected to remain so for the remaining half of the financial year.

The value of the portfolio was £21.4 million compared to £20.9 million at the end of February 2021. The group achieved a net profit of £109 000, compared to a net profit of £1.9 million for the corresponding period.

OUTLOOK

The major markets in which Tradehold operates still face considerable uncertainty. In recent weeks the UK has been plagued by shortages of crucial commodities and interruptions in the supply chain, while in South Africa the economy is still staggering under the loss suffered during the July riots. The local election results also continue to distract government from its central task of restructuring the economy.

The UK's economy is showing the strongest recovery of all the G7 nations while the IMF recently increased its GDP growth projection for South Africa's economy to 5% for the year. In addition, all three of the group's major businesses are solid, well-established entities with experienced and highly adaptable management who have learnt over time how to operate successfully under the ever evolving Covid-restrictions.

We believe Boutique in particular finds itself in an excellent position to benefit from changing work cultures. It is clear that the need for large, centralised offices is decreasing as more people work from home or at decentralised flexible offices, putting Boutique in the right place at the right time.

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 15 November 2021 – Tradehold's second interim dividend to date. 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, as well as operating cash generated by its United Kingdom and Mozambique operations. The dividend will reduce Tradehold's stated capital.

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

An exemption from DT is provided for in the ITA in respect of foreign dividends paid to a South African company and to a non-resident to the extent that it is paid in respect of listed shares, provided certain administrative procedures are complied with.

The ITA further provides for an exemption from income tax in respect of foreign dividends received or accrued in respect of listed shares.

In terms of the ITA, DT of 20% has been withheld in the case of those shareholders who are not exempt from it. They 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 are as follows:

Declaration date	Monday, 15 November 2021
Last date to trade cum dividend	Tuesday, 30 November 2021
Date trading commences ex dividend	Wednesday, 1 December 2021
Record date	Friday, 3 December 2021
Date of payment to shareholders	Monday, 6 December 2021

Share certificates may not be dematerialised or rematerialised between Wednesday, 1 December 2021, and Friday, 3 December 2021, both days included.

GOING CONCERN

The group has prepared financial forecasts based on detailed operational cash flow forecasts, for the 18 months to 28 February 2023.
After servicing all interest and amortisation on borrowings, the forecasts show sufficient cash levels as a buffer against unforeseen events.
Debt covenants are compliant throughout the Group, with the exception of the RMB B listed preference shares and the HSBC facility of Boutique.
Full covenant waivers have since been obtained for both facilities.

Three 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 £273.355 million, thus breach of £26.6 million
- Loan to Value UK portfolio properties not more than 65%: actual 79.40% thus breach; cure required £10.2 million
- Vacancy Rate UK portfolio properties funded by RMB not less than 85%: actual 59.2% thus breach.

The main reason for the Intrinsic NAV breach is the UK property fair value losses in the previous financial year, as well as the sale of a minority share in Collins group in 2019. The main reason for the remaining covenant breaches is the adverse performance of the main funded asset Marketplace Bolton shopping centre, due to its anchor tenant Debenhams going into administration during the previous financial year, as well as the centre being completely shut under Covid-19 lockdowns for most of the previous financial year. The RMB facility funds some Moorgarth assets, and the debt has continued to be serviced through Moorgarth operational cash.

GOING CONCERN (CONTINUED)

Subsequent to the reporting date, RMB has waived all covenant breaches. The RMB debt is in the process of being refinanced in full with the lender beyond its scheduled expiry in December 2021 under new covenant terms. To date, a preliminary extension of 6 months to 20 June 2022 on the borrowing has been approved by RMB. The financial forecasts are based on the assumption that the borrowings are extended on similar terms, but that covenants will be reset to achievable levels. Management is comfortable with this. RMB has already, as part of the February 2021 and August 2021 covenant condonations, taken a view on Tradehold's other assets and predominantly its investment in Collins group. This will also form part of the refinance 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 revised loan to value covenants.

HSBC have provided full covenant waivers for the Boutique facility of £4.8 million prior to the reporting date. 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 £5.2 million in cash. Boutique's forecasts show that all debt service and amortisation payments will be made for at least the next 18 months. HSBC have banked Moorgarth Group for 10 years, and have advanced over £100 million during that period. Management is confident that this support will continue as the economy turns around.

Although the group is reporting a deterioration in its net current liability position, the reason for the decline is mainly due to the following adjustments required to restore the group to a net current asset position:

	£'000
Net current liability at the reporting date	(101 012)
Adjustments:	
(i) RMB B Preference shares in process of refinance	51 222
RMB CCS derivative in process of refinance	5 397
(ii) Collins group Investec facilities maturing in 12 months in process of refinance	35 730
(iii) Africa group RMB BAT facility in process of refinance	3 054
Current portion of lease liability (the corresponding right of use asset is classified as non-current)	7 310
Net current assets after adjustment	1 701

(i) The RMB preference share borrowings and the related derivative have been reclassified to current borrowing, due to the scheduled repayment date of December 2021. This facility was extended in May 2021 until 20 June 2022. The RMB debt is in the process of being refinanced in full with the lender under new debt terms. This debt will then be fully long term in nature as the new facility is expected to be in place before the year end.

(ii) The Investec facilities held in Imbali Props 21, Saddle Path Props 69 and Applemint Props 24 comprising debt held at fixed and variable rates expire within the next 12 months. This resulted in the Investec short term portion increasing from R27.3 million at February 2021 to R716.8 million at August 2021. The Investec debt is being refinanced in full with the lender, under new debt terms and on conclusion of this process, a new bond agreement will be signed by each entity. This debt will then be long term in nature as the new facilities are expected to be in place before the year end.

(iii) The RMB facility secured by a property with a long lease to BAT expires on 31 August 2021 hence the entire loan is classified as current. At the time of reporting the refinance negotiations are still in process. RMB's approval and its term sheet for a refinance of the facility for a 4 year term have been received, and management is presently reviewing for signature.

Management is confident that the above borrowings will be successfully refinanced.

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 interim financial results at 31 August 2021.

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.

PREPARATION OF FINANCIAL RESULTS

The preparation of the financial results was supervised by the group financial director, Karen Nordier B.Acc, B.Acc Hons, CA (SA). The condensed consolidated interim results for the six months ended 31 August 2021 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 group reports its results in the former currency.

RESIGNATION OF DIRECTOR

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

HRW TROSKIE
ACTING CHAIRMAN

KL NORDIER
DIRECTOR

Malta
15 November 2021

STATEMENT OF COMPREHENSIVE INCOME

£'000	Unaudited 6 months to 31/08/21	Unaudited 6 months to 31/08/20	Audited 12 months to 28/02/21
Revenue	39 611	34 512	74 274
Other operating income	2 066	1 039	1 193
Profit/(loss) on disposal of investment properties	224		(817)
Net loss from fair value adjustment on investment property	(3 636)	(7 244)	(38 662)
Gain on disposal and scrapping of PPE (excluding buildings)			4
Impairment gains/(losses) on financial assets	1 053	(5 763)	(9 587)
Employee benefit expenses	(3 714)	(3 230)	(5 903)
Lease expenses	(15)	(12)	(24)
Depreciation, impairment and amortisation	(907)	(1 131)	(2 350)
Other operating costs	(10 022)	(8 912)	(14 130)
Trading profit	24 660	9 259	3 998
Loss on disposal of financial assets			(62)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	408	1 533	(2 171)
Operating profit	25 068	10 792	1 765
Finance income	2 016	3 140	5 310
Finance cost	(16 382)	(18 065)	(44 485)
Loss from joint venture	(207)	(1 921)	(3 219)
Earnings/(loss) from associated companies	100	538	(474)
Profit/(loss) before taxation	10 595	(5 516)	(41 103)
Taxation	(3 666)	(1 769)	(833)
Profit/(loss) for the year before non-controlling interest	6 929	(7 285)	(41 936)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
(Losses)/gains on cash flow hedges	74	(174)	80
Deferred tax on cash flow hedges		32	(5)
Exchange differences on translation of foreign operations	7 282	(20 231)	(11 199)
Items that may not be subsequently reclassified to profit or loss			
Revaluation of land and buildings		(15)	
Total comprehensive income for the year	14 285	(27 673)	(53 060)
Profit attributable to:			
Owners of the parent	4 880	(8 741)	(39 709)
Non-controlling interest	2 049	1 456	(2 227)
	6 929	(7 285)	(41 936)
Total comprehensive income attributable to:			
Owners of the parent	10 830	(24 827)	(48 882)
Non-controlling interest	3 455	(2 846)	(4 178)
	14 285	(27 673)	(53 060)
Earnings per share (pence): basic	1.9	(3.4)	(15.4)
Number of shares for calculation of earnings per share ('000)	256 963	258 164	257 701
Earnings per share (pence): diluted	1.9	(3.3)	(15.2)
Number of shares for calculation of diluted earnings per share ('000)	259 919	261 120	260 658

STATEMENT OF FINANCIAL POSITION

(£'000)	Unaudited 31/08/21	Unaudited 31/08/20	Audited 28/02/21
Assets			
Non-current assets	780 179	745 664	761 015
Property, plant and equipment	8 524	10 740	9 181
Investment properties – fair value for accounting purposes	653 696	600 240	631 551
Investment properties – straight lining lease income accrual	33 940	25 848	31 315
Investment properties – right-of-use assets	37 114	46 564	40 640
Intangible assets	8 031	8 041	8 031
Deferred taxation	6 120	7 900	6 567
Investments accounted for using the equity method			
Investment in joint venture	9 369	10 392	9 092
Investment in associate	100	980	
Derivative financial instruments		13 746	
Financial assets at amortised cost			
Loans to joint venture	9 839	12 551	9 893
Loans receivable	7 873	859	7 553
Other non-current assets	5 573	7 803	7 192
Current assets	44 410	55 796	45 581
Financial assets at fair value through profit and loss	4 492	4 257	4 081
Financial assets at amortised cost			
Loans receivable	1 618	6 212	613
Loans to associates	6 058	4 985	5 468
Trade and other receivables	7 276	7 938	6 293
Other current assets	4 953	5 411	3 718
Taxation	52		
Cash and cash equivalents	19 961	26 993	25 408
Assets classified as held for sale	–	5 524	954
Total assets	824 589	806 984	807 550
Equity and liabilities			
Equity	278 456	301 097	269 760
Ordinary shareholders' equity	232 151	253 925	225 249
Non-controlling interest	46 305	47 172	44 511
Non-current liabilities	400 711	456 427	423 878
Preference share liability	54	48 189	52
Long-term borrowings	326 393	313 357	348 139
Lease liabilities	29 736	41 472	35 111
Derivative financial instruments	274	12 289	347
Deferred taxation	44 254	41 120	40 229
Current liabilities	145 422	49 460	113 912
Preference share liability	51 222	1 070	49 574
Short-term borrowings	51 562	15 947	23 817
Deferred revenue	6 615	5 762	6 500
Lease liabilities	7 310	5 030	5 464
Derivative financial instruments	5 397		7 731
Taxation	1 249	738	1 050
Trade and other payables	22 067	20 913	19 776
Total liabilities	546 133	505 887	537 790
Total equity and liabilities	824 589	806 984	807 550

STATEMENT OF CHANGES IN EQUITY

(£'000)	Unaudited 6 months to 31/08/21	Unaudited 6 months to 31/08/20	Audited 12 months to 28/02/21
Balance at beginning of the year	269 760	334 070	334 070
Profit for the period	6 928	(7 284)	(41 936)
Dividends distributed to shareholders	(3 974)	(3 594)	(7 399)
Acquisition of treasury shares	(7)	(367)	(564)
Acquisition of subsidiary – Austria	(51)	–	(654)
Capital reserve (Employee Share Option Scheme)	106	46	82
Distribution to minorities	(1 662)	(1 384)	(2 714)
Other comprehensive income for the period	7 356	(20 390)	(11 125)
Balance at the end of the period	278 456	301 097	269 760

STATEMENT OF CASH FLOWS

(£'000)	Unaudited 6 months to 31/08/21	Unaudited 6 months to 31/08/20	Audited 12 months to 28/02/21
Cash flows from operating activities	10 929	7 170	20 225
Operating profit	25 068	10 792	1 765
Non-cash items	1 749	14 265	50 584
Changes in working capital	6 118	4 142	10 258
Interest received	503	693	1 130
Interest paid	(16 332)	(17 010)	(32 081)
Dividends paid to ordinary shareholders	(3 974)	(3 594)	(7 399)
Dividends to non-controlling interests	(1 662)	(1 384)	(2 714)
Taxation paid	(541)	(734)	(1 318)
Cash flows from/(utilised in) investing activities	(3 778)	8 047	(7 746)
Acquisition of investment properties	(2 773)	(1 762)	(30 102)
Acquisition of property, plant and equipment	(157)	(854)	(413)
Proceeds on disposal of investment properties	186		10 040
Proceeds on disposal of property, plant and equipment	19		45
Proceeds on disposal of investments	37		2 819
Loans advanced to joint venture		(675)	(875)
Loans repaid advanced to associate undertaking	37	(111)	(205)
Loans repaid by associate undertaking			44
Loans and advances – issued	(1 488)	(3)	(833)
Loans and advances – repaid	361	11 452	11 734
Cash flows from financing activities	(12 624)	(11 745)	(10 609)
Proceeds from borrowings	11 957	35 856	153 855
Repayment of borrowings	(21 021)	(44 195)	(154 844)
Settlement of derivative	(50)		(415)
Redemption of preference shares	(622)	(520)	(3 178)
Acquisition of treasury shares	(7)	(367)	(563)
Principal elements of lease payments	(2 881)	(2 519)	(5 464)
Net increase/(decrease) in cash and cash equivalents	(5 473)	3 472	1 870
Effect of changes in exchange rate	26	25	43
Cash and cash equivalents at beginning of the year	25 408	23 495	23 495
Cash and cash equivalents at end of the year	19 961	26 992	25 408

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Six months to 31 August 2021 (unaudited)					
Property – United Kingdom	2 638	2 808	169 609	206 828	118 625
Property – South Africa	24 080	21 198	436 206	459 547	321 875
Property – Austria	1 715	213	30 114	31 654	20 595
Property – Namibia	1 509	1 655	36 400	45 704	23 762
Property – Africa excluding Namibia and South Africa	1 088	459	21 441	28 768	11 496
Serviced office – United Kingdom	8 581	(212)	30 980	52 619	49 407
Other	—	(1 053)	—	(531)	373
	39 611	25 068	724 750	824 589	546 133
Six months to 31 August 2020 (unaudited)					
Property – United Kingdom	3 200	(9 007)	175 401	212 648	106 753
Property – South Africa	18 120	17 347	394 152	435 836	283 351
Property – Austria	—	—	—	—	—
Property – Namibia	1 628	1 224	33 444	42 941	23 224
Property – Africa excluding Namibia and South Africa	1 184	2 045	23 379	32 281	13 182
Serviced office – United Kingdom	10 380	441	46 276	79 839	78 335
Other	—	(1 258)	—	3 439	1 043
	34 512	10 792	672 652	806 984	505 887
Twelve months to 28 February 2021 (audited)					
Property – United Kingdom	6 615	(27 962)	168 731	188 420	101 996
Property – South Africa	43 938	25 722	415 718	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

The revenue of property United Kingdom is shown after deduction of intersegment revenue of £1.46 million received from the serviced office segment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 Basis of presentation and accounting policies

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

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 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 on 1 March 2021:

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

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

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

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

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

The amendments include the following practical expedients:

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

The Group's reportable segments reflect those components of the Group that are regularly reviewed by the chief executive officers and other senior executives who make strategic decisions (i.e. the chief operating decision maker).

Trading profit on the face of the statement of comprehensive income is the Group's operating result excluding fair value gains or losses on financial assets at fair value through profit or loss and impairment losses on goodwill.

Tangible net asset value per share:

Tangible net asset value per share excludes intangible assets, deferred tax assets and deferred tax liabilities from the calculation of the group's net asset value. Management believes that it is a useful measure for shareholders of the Group's intrinsic net worth. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

The directors of the Group take full responsibility for the preparation of this preliminary report.

NOTES (CONTINUED)

	£'000	Unaudited 6 months to 31/08/21	Unaudited 6 months to 31/08/20	Audited 12 months to 28/02/21
2	**Number of shares in issue ('000)**	256 980	257 087	256 980
3	**Net asset value per share (pence)**	90.3	98.8	87.7
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)	98.1	105.1	94.0
4	**Depreciation for the year**	907	1 131	2 350
5	**Net loss from fair value adjustment on investment property**	3 636	7 244	38 662
6	**Capital expenditure for the year**	2 930	2 616	30 515
	Capital commitments contracted but not provided for at year-end are:			
	South Africa			
	Inanda Spar – development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd	1 246	1 462	1 446
	Spar West St – development by Colkru Investments (Pty) Ltd to be funded by Investec Ltd	280	3 523	599
	Nongoma Spar Phase 2 – development by Colkru Investments (Pty) Ltd to be funded by Rand Merchant Bank Ltd	—	5 342	305
7	**Headline earnings**			
	Basic headline earnings per share (pence)	2.6	0.5	(1.9)
	Diluted headline earnings par share (pence)	2.6	0.5	(1.9)

Calculation of headline earnings	Gross	Net	Gross	Net	Gross	Net
Net profit		4 880		(8 741)		(39 709)
Net loss from fair value adjustment on investment property	3 636	793	7 244	5 100	38 662	30 020
Fair value adjustments from equity-accounted investments		1 307		4 835		3 612
Loss/(gain) on disposal of investment properties	(224)	(174)			817	1 056
Loss on disposal of financial assets						62
Gain on disposal of property, plant and equipment						(4)
		6 806		1 194		(4 963)

8	**Financial assets**			
	Unlisted investments at fund managers valuation	4 492	4 257	4 081

NOTES (CONTINUED)

9 Contingent liabilities

South Africa

Imbali Props 21 (Pty) Ltd – during the course of the previous financial year the South African Revenue Service ("SARS"), the local tax authority which has jurisdiction over the subsidiary, 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 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 the reporting date. To mitigate the impact of the audit, Imbali has actively engaged with relevant tax professionals and where necessary sought legal advice. The potential exposure is estimated at around ZAR15 million.

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 three out of six 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 waived all non-compliance subsequent to the reporting date.

Some of the Namibia operations borrowings from Nedbank are in the process of being renegotiated to interest only repayment profiles.

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.

NOTES (CONTINUED)

12 Goodwill

		Unaudited 6 months to 31/08/21	Unaudited 6 months to 31/08/20	Audited 12 months to 28/02/21
12.1	Cost	8 031	8 041	8 031
	Accumulated impairment losses	—	—	—
		8 031	8 041	8 031
12.2	Cost			
	Balance at beginning of year	8 031	8 031	8 031
	Acquisition	—	10	—
	Balance at end of year	8 031	8 041	8 031
12.3	Accumulated impairment losses	—	—	—

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.

Six months to 31 August 2021 (unaudited)	Opening	Additions	Closing
Boutique	8 031	—	8 031

Six months to 31 August 2020 (unaudited)	Opening	Additions	Closing
Boutique	8 031		8 031

Twelve months to 28 February 2021 (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).

	Unaudited 31/08/21	Unaudited 31/08/20	Audited 28/02/21
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:			
Pre-tax discount rate	4.46%	4.60%	4.46%
Growth rate	2.70%	14.10%	2.70%
Sustainable growth rate	0.00%	0.00%	0.00%
The principal assumptions where impairment occurs are as follows:			
Pre-tax discount rate	10.29%	12.59%	10.29%
Growth rate	0.00%	3.70%	0.00%
Sustainable growth rate	0.00%	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:

31 August 2021 **Assets (£'million)**	**Carrying value**	**Net (losses)/ gains**	**Total interest income**	**Total interest expense**	**Impairment**
Financial asset at fair value through profit or loss	4.5	0.4	—	—	—
Derivatives	—	(1.2)	—	—	—
Loans to joint venture	9.8	—	0.6	—	(0.5)
Loans to associates	6.1	—	—	—	0.4
Loans receivable	9.5	—	0.3	—	—
Trade and other receivables	7.3	—	—	—	—
Other assets	10.5	—		—	—
Cash and cash equivalents	20.0	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	326.4	—	—	(13.7)	—
Derivatives	5.7	2.3	—	—	—
Preference shares	51.2	—	—	(1.4)	—
Deferred revenue	6.6	—	—	—	—
Short-term borrowings	51.6	—	—	—	—
Trade and other payables	22.1	—	—	—	—
Lease liabilities	37.0	—	—	(2.0)	—

31 August 2020 **Assets (£'million)**	**Carrying value**	**Net (losses)/ gains**	**Total interest income**	**Total interest expense**	**Impairment**
Financial asset at fair value through profit or loss	4.3	(0.8)	—	—	—
Derivatives	13.7	2.4	—	—	—
Loans to joint venture	12.6	—	0.6	—	(4.8)
Loans to associates	5.0	—	—	—	—
Loans receivable	7.1	—	0.5	—	—
Trade and other receivables	7.9	—	—	—	—
Other assets	13.2	—		—	—
Cash and cash equivalents	27.0	—	—	—	—
Liabilities (£'million)					
Long-term borrowings	313.4	—	—	(14.7)	—
Derivatives	12.3	(5.8)	—	0.1	—
Preference shares	49.2	—	—	(1.9)	—
Deferred revenue	5.8	—	—	—	—
Short-term borrowings	15.9	1.5	—	(0.5)	—
Trade and other payables	20.9	—	—	—	—
Lease liabilities	46.5	—	—	(1.0)	—

NOTES (CONTINUED)

13 Financial instruments (continued)

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	8.1	(2.0)	–	0.3	–
Preference shares	49.6	–	–	(3.4)	–
Deferred revenue	6.5	–	–	–	–
Short-term borrowings	23.8	1.6	–	(0.6)	–
Trade and other payables	19.8	–	–	–	–
Lease liabilities	40.6	–	–	(2.0)	–

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 31 August 2021:

Unaudited 31/08/21

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Equity securities			4 492
Trading derivatives			
South Africa CPI hedge			
Non-financial assets at fair value through profit or loss			
Investment properties			724 750
Total assets			729 242
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		5 397	
Derivatives used for hedging			
Interest rate contracts		274	
Financial liabilities at amortised cost			
Preference shares		51 222	54
Borrowings			377 955
Lease liabilities			37 046
Total liabilities		56 893	415 055

Unaudited 31/08/20

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Equity securities			4 257
Trading derivatives			
South Africa CPI hedge		13 746	
Non-financial assets at fair value through profit or loss			
Investment properties			672 652
Total assets		13 746	676 909
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		11 774	
Derivatives used for hedging			
Interest rate contracts		515	
Financial liabilities at amortised cost			
Preference shares		49 210	49
Borrowings			329 304
Lease liabilities			46 502
Total liabilities		61 499	375 855

NOTES (CONTINUED)

14 Fair value measurement of financial instruments (continued)

Audited 28/02/21

Assets	Level 1	Level 2	Level 3
Financial assets at fair value through profit and loss			
Equity securities			4 081
Trading derivatives			
South Africa CPI hedge			
Non-financial assets at fair value through profit or loss			
Investment properties			703 506
Total assets			707 587
Liabilities			
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

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	(37 500)	54 156	(3 875)	2 802
Namibia investment properties	(3 869)	4 838	477	(462)
Africa investment properties	(1 670)	2 153	(78)	142

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.

NOTES (CONTINUED)

14 Fair value measurement of financial instruments (continued)

Reconciliation of recurring level 3 fair value financial instruments:

	Unaudited 31/08/21	Unaudited 31/08/20	Audited 28/02/21
Investment Properties			
At beginning of year	703 506	728 527	728 527
Additions – direct acquisitions South Africa	—	4 327	15 991
Additions – direct acquisitions Austria	—	—	28 826
Construction/development/improvements	2 773	—	3 750
Capitalisation of borrowing costs	463	238	597
Foreign currency translation differences	20 842	(49 760)	(23 146)
Disposals	38	(1 804)	(10 857)
Transfer to assets held for resale	172		(954)
Straight line lease adjustment	1 216	(1 632)	2 212
Net loss from fair value adjustments on investment property	(734)	(7 244)	(33 058)
Additions – right-of-use assets	—	—	4 429
Disposals – right-of-use assets	(633)	—	(7 186)
Net loss from fair value adjustments – right-of-use assets	(2 902)	—	(5 605)
Foreign currency translation differences – right-of-use assets	9	—	(20)
At end of year	724 750	672 652	703 506
Financial assets			
At beginning of year	4 081	7 697	7 697
Foreign currency translation differences	2	(5)	(3)
Disposals	—	—	(2 600)
Fair value gain/(loss)	408	(836)	(1 017)
Distribution received	1	—	2
At end of year	4 492	4 257	4 081

DIRECTORATE AND ADMINISTRATION

Directorate

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

KR Collins (50) +

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

MJ Roberts (74) *+°
B A

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

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 Hons, M Com, CA(SA)

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

\# 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

The following changes to the Tradehold board occurred during the financial year:
Mr David Anthony Harrop resigned from the Board with effect from 20 May 2021.

Administration

Company secretary
P J Janse van Rensburg
Suite 1408 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
Facsimile: +27 11 370 5487

Registered office/number
Tradehold Limited
Registration number 1970/009054/06
Incorporated in the Republic of South Africa
Leinster Hall, 7 Weltevreden Street
Gardens 8005
PO Box 6100
Parow East 7501
Telephone: +27 21 020 8920

Business address
Fourth Floor
Avantech Building
St Julian's Road
San Gwann SGN 2805
Malta
Telephone: +356 214 463 77

Auditors
PricewaterhouseCoopers Inc