

COULD THE WORST NOW BE BEHIND US?



The announcement by the British government that the UK has become the first Western country to approve an anti-coronavirus vaccine with plans to launch a country-wide vaccination programme, comes as a bright ray of hope. We just may have reached a turning point in the battle against Covid-19 – and that could signal the start of a return to greater stability.

Yes, of course there will be setbacks, especially in the light of the UK government's handling of the pandemic to date and the persistent uncertainty around the outcome of Brexit. However, I want to believe the recent breakthroughs in developing effective counters to the pandemic will help restore people's confidence in moving around with a greater sense of personal safety. And that this will lead to more and more people returning to work and to an

increasing footfall in the shopping malls as omni-channel trends show a still considerable demand for in-store buying.

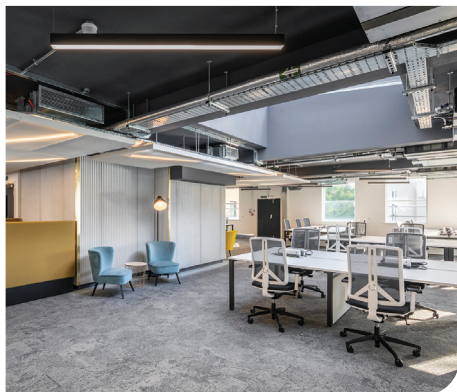
An understandable wish on my part, for as you know, in the UK we are invested in office accommodation as well as in shopping malls, with the latter still constituting the major part of our property portfolio. It is important to stress here that around two to three years ago, we began to remodel the



nature and offering of our malls as community centres with an extensive range of retail outlets, gyms and doctor's rooms, restaurants, bars and other places of entertainment. In one of our major centres we are adding a substantial residential component. In time, it will transform this complex into an almost self-sufficient living environment.

In the six months to end August, the management of Moorgarth, our wholly-owned subsidiary in the UK, to date managed to collect 81% of all rentals owed by tenants.

This was despite the highly disruptive and extensive lockdown. Nevertheless, we are reducing our exposure to retail in the UK. It currently represents 54% of the total property value in the UK as against 60% 18 months ago.



BOUTIQUE

Our focus now is on satisfying the growing demand in the market for flexible, fully-equipped office space that offers more flexible and shorter lease terms.

Boutique, a 90% subsidiary established for this purpose, offers 4 400 workstations spread across 31 buildings in Greater London.

In expanding the business, Boutique partners closely with Moorgarth that acquires appropriately located and sized buildings. Judging by the number of new deals concluded since August, Boutique is proving to be excellently positioned to benefit from the new work culture, where businesses still need a physical presence in the major cities but where they accommodate fewer employees at any particular time.

Boutique also offers management services to third-party landlords in return for a share of the profits. This translates into lower risk for the operation as no long-term leases are needed to secure space and no capital expenditure is incurred to convert such space to current demands. Boutique has a very strong pipeline of such opportunities.



COLLINS GROUP

Collins Group, our South African operation that represents just under half of our total investment portfolio, proved to be the best positioned to counter the debilitating effects of the pandemic. In fact, given the circumstances, it performed remarkably well, achieving its pre-Covid budget.

It managed to collect more than 90% of all rent due despite granting remissions to clients to the value of R30m.

Collins's ability to manage the ravages of the pandemic to the extent it did was facilitated in no small measure by the composition of its portfolio which for 83% of its total gross lettable area (GLA) of 1.5m m² comprises large-format industrial and distribution centres leased on long-term contracts to prominent local corporates. Vacancies were kept to a low 1.78%.

Management is nevertheless continuously working to further improve the quality and composition of the portfolio. It has almost completed a programme aimed at disposing of local non-core assets to the value of R282m. At the same time management is taking advantage of the good buying opportunities available in the market. There are over R900m worth of acquisitions in the pipeline, all potentially offering attractive yields.

IN CONCLUSION

We believe the principles on which Tradehold has been built – adapt, simplify and focus – allow us more than a fighting chance to overcome the continuing challenges brought on by the pandemic.

Our resilient, flexible approach also means we should be well placed to capitalise on new opportunities as they present themselves.

We are in the process of simplifying the group's structure, inter alia by disposing of all our property investments in Southern-African countries so we can focus all our attention on our primary markets of South Africa and the UK, and potentially expand to Western Europe in the future into quality assets with blue chip tenants and long dated leases.

It has been a harrowing year for all of us. Now the time has arrived to sit back a bit, to enjoy a glass of good Cape wine and spend time with family and friends. Soon 2021 will be upon us bringing its own load of challenges and problems. So use the time to gather your strength so you'll be able to tackle them with renewed vigour!

Warm regards
Friedrich Esterhuysen
Tradehold Joint CEO