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")

SUMMARY OF THE AUDITED CONSOLIDATED FINANCIAL RESULTS OF THE TRADEHOLD GROUP FOR THE YEAR TO 28 FEBRUARY 2019 AND CASH DIVIDEND DISTRIBUTION

KEY DEVELOPMENTS

In the year to 28 February 2019 the business experienced major changes. Its financial services interests were unbundled to shareholders and listed separately on the AltX of the JSE Limited as Mettle Investments Limited. Shareholders received shares in the new company equal to the number of shares held in Tradehold.

It is important to note that because of the restructuring, Tradehold's financial results for the year to 28 February 2019 are not directly comparable to those of the corresponding year:

- Total assets £859 million (2018: £1 075 million, or £985 million if financial services are excluded)
- Revenue £96.4 million (2018: £101.5 million)
- Ordinary shareholders equity £287.2 million (2018: £324.7 million or £295 million if financial services are excluded)
- Headline earnings per share 8 pence (2018: 9.2 pence or 7.9 pence if financial services are excluded)
- Tangible net asset value per share 123.7 pence / R22.97 (2018: 144 pence / R23.43 or 132 pence / R21.48 if financial services are excluded).

The unbundling has turned Tradehold into a dedicated property business with net assets at year end split between the United Kingdom in pound sterling (46%), United States dollar assets in Africa (8%), and the balance in South African rand (46%). In South Africa at year end it owned 100% of the Collins Property Group, while in the UK it holds 100% of the Moorgarth Property Group which includes a 90% stake in The Boutique Workplace Company (TBWC), a provider of serviced office accommodation in London, with a number of its sites owned by Moorgarth.

Shortly before year-end, Tradehold was approached by I Group Investments (Pty) Ltd ("I Group") with an offer to invest R833 million in Tradehold's South African property portfolio of mostly industrial assets. The transaction has now been finalised. Among the benefits of the investment are the following:

- I Group has subscribed for a 25.7% shareholding at the tangible net asset value of the South African business.
- Collins Group's gearing levels are immediately reduced by the investment.
- The reduction in gearing levels results in an immediate interest cost saving to the group and also creates an opportunity to restructure remaining debt more efficiently. This in turn will lead to further savings in interest costs and improve cash flows significantly.

The investment will see Collins Group unbundled from Tradehold and listed separately on the JSE as an industrially focused REIT by February 2022. This step should further unlock value for Tradehold shareholders.

FINANCIAL PERFORMANCE

Total assets now amount to £859 million (2018: £1 075 million, or £985 million if financial services are excluded). Revenue was £96.4 million (2018: £101.5 million) while total profit attributable to shareholders stood at £13.2 million (2018: £30.8 million). The decrease is mainly due to the loss in the fair-value adjustment of its investment properties of £17.3 million, reduced by a £8.6m fair value gain on financial assets relating to investment property (i.e. net loss of £8.7m) during the year, compared to a gain of £11.8 million in the corresponding financial year, and financial services net profit of £4 million in the prior financial year, compared to profit from discontinued operations of £0.3 million in the current financial year.

Headline earnings per share was 8 pence, down from 9.2 pence (and up by 0.1 pence from 7.9 pence if financial services are excluded), and tangible net asset value per share (as defined by management) was 123.7 pence / R22.97, compared to 144 pence / R23.43 (or 132 pence / R21.48 if financial services are excluded) in the corresponding year.

The sum-of-the-parts valuation per share (as defined by management) was 126.5 pence / R23.50.

BUSINESS ENVIRONMENT

Business conditions for Tradehold's operations in South Africa and the UK during the second half of the financial year did not differ materially from those of the first six months. If anything, pressure mounted, given the rising political tensions in South Africa prior to the elections, while in the UK, protracted Brexit negotiations further undermined business confidence.

In South Africa the economy overall grew by a meagre 0.8% in 2018, with recessionary conditions during the first two quarters of the year. Marred by strikes, service delivery protests and ongoing revelations of widespread corruption, business confidence remained at a low ebb. In addition, investment was put largely on hold ahead of the elections.

In the UK, fundamental changes in the global retail market combined with shorter-term confidence issues as a result of Brexit have affected us like all others. Despite all the negative news, retail sales in the UK have in reality increased by 1.2% overall, but those sales have been directed more towards online which now represent 18% of total retail sales in the UK.

To counter the effects on Tradehold's business and ensure continued growth, management:

- Has unbundled its financial services businesses and listed these separately on the JSE's AltX to turn Tradehold into an exclusive and focused property company
- Is withdrawing from the rest of Africa excluding Namibia to enable it to focus all its attention on its two main markets
- As a post year end event Tradehold has entered into a transaction with an independent third party which has substantially strengthened Tradehold's balance sheet and gearing levels in the Group (see above under Key Developments)
- Is disposing of non-core assets, particularly in South Africa, and
- Is progressively reducing its exposure in the UK to mainstream retail through increasing residential, office and leisure exposures.

Collins Group

The company owns a portfolio mainly of industrial and commercial buildings in South Africa which together offer some 1.6 million square metres of gross lettable area (GLA). Its major focus remains on quality industrial and distribution centres. These constitute some 91% of total space available for rent. The political uncertainty and concomitant slowdown in the economy have seen many corporates defer investment in new developments. Consequently, there has been little opportunity to grow the size of the industrial portfolio. The focus has been on retaining tenants, which include, inter alia, Sasol, Unilever, MassMart and Pep, keeping vacancies at just 1.95% at the end of the reporting period. Moreover, the weighted average lease expiring profile was 7.2 years.

To strengthen the balance sheet and reduce debt, a decision was taken early in the reporting period to dispose of non-core assets. Of the 37 mainly smaller commercial buildings identified for this purpose, 10 had been sold by year-end for a combined total of R136 million, realising a profit above book value of R24 million. The remaining assets for sale with a combined value of R831 million are currently on the market.

The total Collins portfolio was £464.7 million (R8 634 million) at the reporting date, compared with 28 February 2018 of £535 million (R8 703 million). The value has been adversely affected by the currency deterioration of the South African rand to pound sterling (R18.58 at the reporting date compared to R16.27 at 28 February 2018) and lower property valuations.

Collins Group contributed £11.4 million (2018: £12.7 million) to net profit after minorities. The deterioration is mainly due to the loss in the fair-value adjustment of its investment properties of £11.4 million during the year, reduced by £8.4m fair value gain on financial assets relating to investment properties (i.e. net loss of £3m).

The Collins Group's total contribution to tangible net asset value per share is 58.4 pence (R10.84).

Moorgarth

The properties in Moorgarth's portfolio cover a range of sectors including retail, which represents about 50% by value, commercial (mainly office accommodation), leisure and residential. The focus during the year was on broadening the retail offer away from mainstream retail, increasing the food and beverage presence in its centres and adding leisure.

Management has been responding pro-actively in its four large shopping malls to the far-reaching changes in consumer purchasing patterns increasingly evident in the UK, in line with major markets elsewhere. Asset management initiatives were focused on a community-based model and on establishing a clear connection with the mall's demographic. The objective is to expand the tenant mix by including restaurants, bars, cinemas, gyms, dentists' and doctors' surgeries to establish these centres as one-stop meeting places for the community.

A major breakthrough during the reporting period was the approval given by the Edinburgh City Council for the extensive redevelopment of the crucial rooftop area of Waverley Mall in the heart of the city's historical centre, acquired two years ago. It will allow the company to add 3 000m² mainly leisure area to the existing 8 000m² of the historical mall which adjoins its principal railway station.

A planning application has also been submitted for the development of a hotel, pre-let to a leading UK hotel group, and the development of 493 residential apartments at Broad Street Mall in Reading outside London.

Moorgarth (continued)

It has also obtained planning approval for the redevelopment of two buildings in Central London that will increase their bulk from 1 900m² to 3 000m². Moorgarth has also partnered with its serviced office business, The Boutique Workplace Company (TBWC), in refurbishing an office building in Carter Lane near St Paul's in London, owned by Moorgarth and now let to TBWC. It has also acquired a building near Euston station which is currently being refurbished and which is also pre-let to TBWC. Moorgarth's contribution to group net profit was £4.2 million, against £8.7 million in 2018.

During the reporting period the value of Moorgarth's portfolio (excluding work in progress) increased to £256.7 million from £250 million if its interest in joint ventures (not reflected in the balance sheet) is included. The valuation of its Market Place shopping centre in Bolton was reduced by £7.3 million (i.e. 10.5%) due to concerns over the future of its anchor tenant, Debenhams.

Moorgarth's contribution to tangible net asset value per share is 49.6 pence (R9.21).

The Boutique Workplace Company (TBWC)

TBWC is a key component of the Group's strategy in the UK. In the 12 months to end February 2019, TBWC, which specialises in the provision of serviced office space, maintained its momentum in an extremely challenging market, increasing occupancy across its portfolio to 92% at year-end in its 30 sites across Greater London. TBWC now has 4 500 work stations under contract compared to 2 200 in 2015.

The Group's early entry into the flexible-office environment has enabled it to establish a presence ahead of a number of highly aggressive competitors in the market. In terms of its 10-year strategy, it plans to open two to three new sites annually while it is also investigating additional avenues for growth. Initiatives are also under way to expand its flexible-office brand into regional markets, including the UK's major university cities.

TBWC's EBITDA (earnings before interest, tax, amortisation and depreciation) for the financial year was £1.7 million (2018: £1.8 million).

Nguni group (Namibia)

The properties in Namibia consist of just under 60 000m² of gross lettable area, mainly retail space but also commercial accommodation, the latter mainly in the capital, Windhoek, where further development opportunities are under consideration. The second half of the year saw the completion of the first phase of a new mall in Gobabis, a major town strategically located on the Trans-Kalahari Highway. Anchored by the Shoprite Group and fully let, the mall offers about 10 000m² of trading space. The second phase was completed in the first half of the new financial year.

The Namibia portfolio was £40.8 million (R757 million) at the reporting date, compared with 28 February 2018 of £41 million (R667 million). The value has been adversely affected by the currency deterioration of the South African rand to pound sterling (R18.58 at the reporting date compared to R16.27 at 28 February 2018).

Namibia reported a net loss after minorities of £1.1 million (2018: net profit of £2.4 million). The deterioration is mainly due to the loss in the fair-value adjustment of its investment properties of £2.3 million during the year.

The Nguni Group's total contribution to tangible net asset value per share is 9.6 pence (R1.79).

Tradehold Africa Group (Mozambique, Botswana and Zambia)

The sale of the Cognis corporate residential development (also known as Acasia) in Maputo was in line with the strategy to dispose of all the properties it owns in Africa outside of South Africa and Namibia. In Zambia, the Group is busy finalising the sale of its three properties there for US$6.5 million while negotiations for the sale of its single asset in Botswana have reached an advanced stage. The reason for the Group's withdrawal from the rest of Africa is primarily the cost of managing a small number of widely spread properties.

The value of this portfolio decreased by £47.7 million to £26.5 million, from £74.2 million at the end of February 2018, mainly due to the disposal of Cognis. The net proceeds have been applied to settle debt. The company contributed £2.4 million to total group profits, enhanced by a once-off gain on the disposal of subsidiary companies relating to the Cognis property of £3.1 million, compared to net profit of £4.3 million for the corresponding prior period.

Tradehold Africa's total contribution to tangible net asset value per share is 8.3 pence (R1.54).

SHARE ISSUE

On 19 June 2018 Tradehold issued 6 046 591 ordinary shares to shareholders electing the dividend re-investment alternative, in lieu of the cash dividend of 50 cents per ordinary share declared to ordinary shareholders on 22 May 2018.

ORDINARY SHARE CASH DIVIDEND WITH A NEW SHARE SUBSCRIPTION RE-INVESTMENT ALTERNATIVE

Notice is hereby given that the directors have declared a gross cash dividend of 55 cents per ordinary share (2018: 50 cents) on 21 May 2019. Shareholders who do not wish to receive the cash dividend may utilise all or part of the cash dividend to which they are entitled, to subscribe for new ordinary shares in the Company. The dividend will reduce Tradehold's stated capital.

Shareholders are referred to the declaration announcement that will be released on SENS on Friday, 24 May 2019 for full details of the cash dividend and new share subscription re-investment alternative.

COMMENTS ON THE RESULTS

On 25 May 2018 Tradehold distributed its 247 174 375 ordinary shares in Mettle Investments Limited to its shareholders as a dividend in specie, as the final step of the unbundling of its financial services and solar energy business interests, comprising 90% of the Reward group (retaining an interest of 10%), 100% of the Mettle group and 100% of Mettle Solar Africa (formerly Tradehold Solar), to its ordinary shareholders. The unbundling transaction resulted in Tradehold classifying its investments in Reward Group, Mettle group and Solar Africa as disposal groups held for distribution in line with the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Reward, Mettle and Solar Africa groups qualify as discontinued operations as they are components of Tradehold that have been classified as held for distribution, and represent a separate major line of business. The assets and liabilities attributable to the Reward, Mettle and Solar Africa groups, classified as held for distribution, were separately disclosed in the statement of financial position in the previous financial year.

In line with the requirements of IFRS 5, the income and expenses relating to Reward, Mettle and Solar Africa are presented in the income statement and statement of other comprehensive income as a single amount as after tax profit and other comprehensive income relating to discontinued operations. The main disclosures are as follows:

	Audited year to 28/2/19 £000	**Audited year to 28/2/18 £000**
Statement of Comprehensive Income		
Profit from operations held for distribution before non-controlling interest	296	4 060
Statement of Financial Position		
Current assets – Assets held for distribution	–	76 091
Current liabilities – Liabilities held for distribution	–	58 688
Statement of Changes in Equity		
Distribution of discontinued operations to shareholders	28 947	–

OUTLOOK

Although 2019 is expected to be another tough year for British consumers, with the Bank of England reducing its growth projection from 1.7% to 1.2% for the year, the macro-economic outlook is turning positive, depending on the outcome of the Brexit negotiations. Whatever the outcome, it would at least provide certainty about the challenges that lie ahead for the British economy and provide a basis on which it can again move forward. As reported in this document, we are making exciting progress with a number of initiatives in this market while we continue with our new vision for our destination malls in adapting them to changing consumer needs. Shared work-space is increasingly replacing traditional office accommodation and much of management's attention will devoted to ensuring TBWC remains at the forefront in the strongly growing market.

In South Africa the economy is expected to continue to struggle in an environment of low business confidence deepened by slow structural reform and with the albatross of Eskom around its neck. In such an environment demand for industrial and commercial space is expected to remain restricted. To counter these conditions, we are following a defensive strategy – by reducing debt, strengthening the balance sheet, divesting ourselves of non-core assets and working to protect income by maintaining vacancies at the present level of 1.95%. We believe we are in a better position than most to weather these conditions as the weighted average lease profile of the portfolio as a whole is 7.2 years, allowing us considerable breathing space. However, this provides management with no reason for complacency as the year ahead will not lack for challenges, with growth under constant threat.

Any reference to future financial performance included in this statement has not been reviewed and reported on by the group's external auditors and does not constitute an earnings forecast.

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.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

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

The Listings Requirements require preliminary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the consolidated financial statements from which the summary consolidated financial statements were derived are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following new standards, amendments to publicised standards and interpretations that became effective for the current reporting period beginning 1 March 2018:

Adoption of IFRS 9: Financial Instruments

IFRS 9 contains three principal classification categories for financial assets:

- measured at amortised cost;
- measured at fair value through OCI; and
- measured at fair value through profit or loss.

The classification of financial assets is based on how the asset is managed and its contractual cash flow characteristics. The accounting policy for financial liabilities remains the same under IFRS 9.

Impairment of financial assets is to be assessed using the expected credit loss model which required the recognition of a loss allowance for expected credit losses on certain financial assets. This model applies to financial assets measured at amortised cost and to contract assets.

The adoption of IFRS 9 Financial Instruments from 1 March 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS, comparative figures have not been restated.

Adoption of IFRS 15: Revenue from Contracts with Customers

IFRS 15 is applied to all contracts with tenants to provide a distinct good or service (excluding those that are in scope of another standard) whether over time or at a point in time. Revenue is recognised when control over the distinct good or service is transferred to the tenant. Revenue is recognised at the transaction price which is the consideration expected to be received for providing the distinct good or service. Where the transaction price is variable, an estimate of the variable consideration should be included in the transaction price.

In the prior year, tenant recoveries were recognised as they were earned in line with the contractual rights in the leases.

IFRS 15 has been applied cumulatively and no retrospective adjustments have been made.

There was no material impact on the annual financial statements as a result of the adoption of these standards.

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.

AUDIT OPINION

These summary consolidated financial statements for the year ended 28 February 2019 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 Group'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 Group'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 pound sterling and because of the distortion caused by the fluctuating value of the rand, the Group reports its results in the former currency.

CHANGES TO BOARD

The following changes to the Tradehold board and company secretary occurred during the financial year:

- Mr J M Wragge resigned as a non-executive director with effect from 1 March 2018
- Dr L L Porter has been appointed as a non-executive director with effect from 2 May 2018.

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

Malta
21 May 2019

STATEMENT OF COMPREHENSIVE INCOME

(£'000)	Audited 12 months to 28/02/19	Audited 12 months to 28/02/18
Revenue	96 438	101 471
Other operating income	1 875	1 427
Profit on disposal of investment properties	1 369	1 157
Net (loss) / gain from fair value adjustment on investment property	(17 315)	11 760
Gain on disposal and scrapping of PPE (excluding buildings)	11	
Impairment losses on financial assets	(825)	
Employee benefit expenses	(6 586)	(5 915)
Lease expenses	(7 536)	(6 361)
Depreciation, impairment and amortisation	(3 006)	(2 656)
Other operating costs	(21 166)	(19 383)
Trading profit	43 259	81 500
Gain/(loss) on disposal of investments	(48)	340
Gain on disposal of subsidiary	3 107	–
Impairment of goodwill	(115)	–
Fair value gain / (loss) on financial assets at fair value through profit or loss	8 773	(37)
Operating profit	54 976	81 803
Finance income	7 975	6 152
Finance cost	(51 241)	(51 877)
Earnings from joint venture	2 473	662
Earnings from associated companies	13	539
Profit before taxation	14 196	37 279
Taxation	(664)	(7 000)
Profit for the year from continuing operations before non-controlling interest	13 532	30 279
Profit from operations held for distribution before non-controlling interest	296	4 060
Profit for the year before non-controlling interest	13 828	34 339
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	320	308
Deferred tax on cash flow hedges	(59)	(62)
Exchange differences on translation of foreign operations	(19 496)	(2 814)
Total comprehensive income for the year	(5 407)	31 771
Profit attributable to:		
Owners of the parent	13 212	30 826
Non-controlling interest	616	3 513
	13 828	34 339
Total comprehensive income attributable to:		
Owners of the parent	(6 023)	28 258
Non-controlling interest	616	3 513
	(5 407)	31 771
Earnings per share (pence): basic		
– basic	5.3	12.5
– headline earnings	8.0	9.2
Number of shares for calculation of earnings per share ('000)	250 140	247 174
Earnings per share (pence): diluted		
– diluted	5.3	12.5
– headline earnings	8.0	9.1
Number of shares for calculation of diluted earnings per share ('000)	250 519	247 519

STATEMENT OF FINANCIAL POSITION

(£'000)	Audited 28/02/19	Audited 28/02/18
Non-current assets	805 592	919 588
Property, plant and equipment	9 336	11 150
Investment properties – fair value for accounting purposes	702 124	822 459
Investment properties – straight-line lease income adjustment	25 085	19 188
Intangible assets	8 080	9 374
Deferred taxation	11 811	11 678
Investments accounted for using the equity method		
Investments in joint venture	11 328	865
Investments in associates	543	674
Derivative financial instruments	8 286	5 847
Financial assets at amortised cost		
Loans to operations held for distribution	–	8 419
Loans to joint venture	18 371	26 218
Loans receivable	9 770	2 379
Other non-current assets	858	1 337
Current assets	53 434	155 405
Financial assets at fair value through profit and loss	7 548	5 886
Financial assets at amortised cost		
Loans to operations held for distribution	–	13 421
Loans receivable	872	754
Loans to associates	6 488	8 484
Trade and other receivables	7 964	16 864
Assets classified as held for sale	893	1 271
Assets held for distribution	–	76 091
Other current assets	16 465	15 884
Taxation	308	353
Cash and cash equivalents	12 896	16 397
Total assets	859 026	1 074 993
Equity	297 032	338 602
Ordinary shareholders' equity	287 161	324 744
Non-controlling interest	9 871	13 858
Non-current liabilities	506 793	594 242
Preference share liability	59 780	69 321
Long-term borrowings	401 101	472 384
Derivative financial instruments	2 296	224
Deferred taxation	43 616	52 313
Current liabilities	55 201	142 149
Preference share liability	1 099	1 229
Short-term borrowings	27 120	46 349
Deferred revenue	6 335	10 669
Liabilities held for distribution	–	58 688
Taxation	559	325
Bank overdrafts	638	514
Trade and other payables	19 450	24 375
Total equity and liabilities	859 026	1 074 993

STATEMENT OF CHANGES IN EQUITY

(£'000)	12 months to 28/02/19	12 months to 28/02/18
Balance at beginning of the year	338 602	311 106
Profit for the year	13 827	34 339
Issue of ordinary shares by the company	—	93
Dividends distributed to shareholders	(6 888)	(1 501)
Dividends reinvested by shareholders	4 879	—
Acquisition of treasury shares	(1 278)	(124)
Capital distribution*	(28 947)	—
Disposal of subsidiary	(3 706)	
Transactions with minorities		(1 881)
Capital reserve (Employee Share Option Scheme)	(76)	40
Distribution to minorities	(145)	(1 092)
Other comprehensive income for the year	(19 236)	(2 378)
Balance at the end of the year	297 032	338 602

* A capital distribution was made on 28 May 2018 as part of the unbundling transaction. The distribution is a return of capital, and has therefore been recognised as a reduction of share capital and premium.

STATEMENT OF CASH FLOWS

(£'000)	12 months to 28/02/19	12 months to 28/02/18
Cash flows from operating activities	(1 755)	13 173
Operating profit	54 976	81 803
Non-cash items	(1 001)	(10 525)
Changes in working capital	(7 047)	(11 936)
Interest received	4 333	4 888
Interest paid	(46 517)	(51 442)
Dividends paid to ordinary shareholders	(6 888)	(1 501)
Dividends paid to non-controlling interests	(145)	(1 092)
Taxation refunded / (paid)	534	(1 220)
Operating activities of operations held for distribution	–	4 198
Cash flows utilised in investing activities	39 166	(40 247)
Acquisition of investment properties	(15 221)	(25 422)
Acquisition of property, plant and equipment	(1 805)	(4 097)
Acquisition of financial assets	(84)	–
Proceeds on disposal of investment properties	54 258	10 853
Proceeds on disposal of property, plant and equipment	344	13
Proceeds on disposal of financial assets	1 729	–
Loans repaid by operations held for distribution	–	17 646
Loans advanced to joint venture	(227)	(4 532)
Loans repaid by/(advanced to) associate undertaking	(94)	44
Loans and advances – issued	(580)	(2 468)
Loans and advances – repaid	846	100
Investing activities of operations held for distribution	–	(32 384)
Cash flows from financing activities	(41 002)	12 642
Proceeds from borrowings	99 793	154 144
Repayment of borrowings	(143 381)	(195 719)
Proceeds from ordinary share issue	4 879	–
Proceeds from preference share issue	2	62 983
Redemption of preference shares	(1 017)	(35 601)
Acquisition of treasury shares	(1 278)	(124)
Acquisition of non-controlling interest	–	(2 600)
Financing activities of operations held for distribution	–	29 559
Net (decrease) / increase in cash and cash equivalents	(3 591)	(14 432)
Effect of changes in exchange rate	(34)	(58)
Cash and cash equivalents at beginning of the year	15 883	30 373
Cash and cash equivalents at end of the year	12 258	15 883

NON CASH TRANSACTION

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

Tradehold Limited dividend in specie

On 25 May 2018 Tradehold distributed its 247 174 375 ordinary shares in Mettle Investments Limited to its shareholders as a dividend in specie, as the final step of the unbundling of its financial services and solar energy business interests, comprising 90% of the Reward group (while retaining an interest of 10%), 100% of the Mettle group and 100% of Solar Africa, to its ordinary shareholders. The unbundling transaction resulted in Tradehold classifying its investments in Reward group, Mettle group and Solar Africa as disposal groups held for distribution in line with the requirements of IFRS 5: Non-current Assets Held for Sale and Discontinued Operations. The Reward, Mettle and Solar Africa groups qualify as discontinued operations as they are components of Tradehold that have been classified as held for distribution, and represent a separate major line of business. In line with the requirements of IFRS 5, the income and expenses relating to Reward, Mettle and Solar Africa were presented in the income statement and statement of other comprehensive income as a single amount as after tax profit and other comprehensive income relating to discontinued operations.

SEGMENTAL ANALYSIS

(£'000)	Revenue	Operating profit/(loss)	Investment properties	Total assets	Total liabilities
Twelve months to 28 February 2019 (unaudited)					
Property – United Kingdom	10 048	4 895	195 274	243 651	118 693
Property – South Africa	57 272	51 437	464 692	494 333	369 624
Property – Namibia	4 015	481	40 768	51 739	28 736
Property – Africa excluding Namibia and South Africa	3 700	1 639	26 475	34 762	12 722
Serviced office – United Kingdom	21 403	(437)	—	23 251	16 607
Operations held for distribution -United Kingdom and South Africa	—	—	—	—	—
Other	—	(3 039)	—	11 290	15 612
	96 438	54 976	727 209	859 026	561 994
Twelve months to 28 February 2018 (audited)					
Property – United Kingdom	10 778	9 961	191 556	239 808	125 644
Property – South Africa	61 980	59 525	534 862	560 370	428 707
Property – Namibia	4 236	3 346	41 024	55 423	26 901
Property – Africa excluding Namibia and South Africa	6 204	11 049	74 205	93 956	68 089
Serviced office – United Kingdom	18 273	(59)	—	21 795	13 568
Operations held for distribution -United Kingdom and South Africa	—	—	—	74 098	56 649
Other	—	(2 019)	—	29 543	16 833
	101 471	81 803	841 647	1 074 993	736 391

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

SUPPLEMENTARY INFORMATION

	(£'000)		12 months to 28/02/19		12 months to 28/02/18
1	**Number of shares in issue ('000)**		251 424		247 174
2	**Net asset value per share (pence)**		114.2		131.4
	Tangible net asset value per share (pence) (as defined by management – excludes deferred tax assets and liabilities and intangible assets)		123.7		144.0
3	**Depreciation for the period**		2 742		2 224
4	**Capital expenditure for the period**		12 773		29 519
	Capital commitments contracted but not provided for at period-end are:				
	South Africa				
	Phase 1 of the Mzuri development by Imbali Props 21 (Pty) Ltd to be funded by Investec Ltd		2 594		
	Purchase of land and infrastructure by Ifana Investments (Pty) Ltd to be funded by Investec Ltd		222		
	Washington Street development by Langa Property Investments (Pty) Ltd to be funded by Investec Ltd		161		
	Nquthu, Nongoma and Madadeni by Colkru Investments (Pty) Ltd to be funded by Nedbank Ltd		8 398		
5	**Calculation of headline earnings**	Gross	Net	Gross	Net
	Net profit		13 212		30 826
	Loss/(gain) from fair value adjustment on investment property	17 315	13 493	(11 760)	(6 804)
	Fair value gain from equity-accounted investments		(2 519)		
	Gain on disposal of investment properties	(1 369)	(1 274)		(1 043)
	Gain on disposal of subsidiaries		(3 107)		
	Loss/(gain) on disposal of investments		48		(340)
	Impairment of goodwill		115		
	Gain on disposal of property, plant and equipment		(11)		
			19 956		22 639
6	**Financial assets**				
	Unlisted investments at management valuation		2 586		–
	Unlisted investments at fund managers valuation		4 962		5 886
7	**Contingent liabilities**		3 759		1 280

8 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.

SUPPLEMENTARY INFORMATION (continued)

9 Events after the reporting period

On 27 February 2019, the group entered into an agreement with I Group Retail Holdings (Pty) Ltd to invest R833 million directly into its portfolio of South African property assets, with an option to subscribe for or acquire 12.5 million shares in Tradehold Ltd for R200 million. The transaction completed in May 2019 and I Group now hold 25.7% of the Collins South Africa group.

A conditional sale agreement was signed to dispose of Tradehold Africa Limited's investment in Danbury Properties Limited and Falcata Limited, together with their respective investment holdings in First Properties Investment Limited and Hospitality Properties Investment Limited.

A conditional sale agreement was signed to dispose of Tradehold Africa Limited's investment in Collwana Properties (Pty) Ltd.

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.

Phase 2 of the development of Gobabis shopping centre was completed on the 31st of March 2019. This shopping centre redevelopment is now fully complete.

10 Goodwill

	(£'000)	Audited 12 months to 28/02/19	Audited 12 months to 28/02/18
10.1	Cost	8 145	9 051
	Accumulated impairment losses	(124)	–
		8 021	9 051
10.2	Cost		
	Balance at beginning of year	9 051	13 243
	Acquisition	43	10
	Disposals/Transfer to assets held for sale	(720)	(4 013)
	Warranty settlement	–	(212)
	Foreign currency translation movements	(229)	23
	Balance at end of year	8 145	9 051
10.3	Accumulated impairment losses		
	Balance at beginning of year	–	(1 441)
	Impairment losses recognised in the year	(115)	–
	Transfer to assets held for sale	–	1 434
	Foreign currency translation movements	(9)	7
		(124)	–

SUPPLEMENTARY INFORMATION (continued)

10 Goodwill (continued)

10.4 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 as the main geography, and the type of business is property. 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 28 February 2019 (unaudited)	Opening	Additions	Disposals	Warranty settlement	Impairment	Foreign currency translation movements	Closing
UK property – serviced offices	8 010	11	–	–	–	–	8 021
Other	1 041	33	(720)	–	(115)	(239)	–
Total	9 051	44	(720)	–	(115)	(239)	8 021

Twelve months to 28 February 2018 (audited)	Opening	Additions	Transfer to assets held for distribution	Warranty settlement	Impairment	Foreign currency translation movements	Closing
SA short-term lending	2 592		(2 580)			(12)	–
UK property – serviced offices	8 000	10					8 010
Other	1 210			(212)		43	1 041
Total	11 802	10	(2 580)	(212)	–	31	9 051

10.4.1 The goodwill allocated to the UK property segment has been determined to be the serviced office business owned by subsidiaries held by the Group. No impairment charge arose as a result of the impairment test (2018: nil). 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.

(£'000)	Audited 28/02/19	Audited 28/02/18
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:		
WACC	5.90%	8.00%
Growth rate	20.90%	2.50%
Sustainable growth rate	0.00%	0.50%
The principal assumptions where impairment occurs are as follows:		
WACC	15.60%	29.13%
Growth rate	15.60%	-20.00%
Sustainable growth rate	0.00%	-1.50%

SUPPLEMENTARY INFORMATION (continued)

11 Fair value of financial instruments

The carrying amounts, net gains and losses recognised through profit and loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

28 February 2019

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	7.5	0.2	–	–	–
Derivatives	8.3	8.6	–	–	–
Loans to joint venture	18.4	–	1.3	–	–
Loans to associates	6.5	–	1.0	–	–
Loans receivable	10.6	–	–	–	(0.9)
Trade and other receivables	8.3	–	–	–	–
Cash and cash equivalents	12.9	–	0.3	–	–
Liabilities (£'million)					
Long-term borrowings	401.1	–	–	(40.2)	–
Derivatives	2.3	–	–	(4.3)	–
Preference shares	60.8	–	–	(5.1)	–
Deferred revenue	6.3	5.6	–	–	–
Short-term borrowings	27.1	–	–	(4.7)	–
Bank overdrafts	0.6	–	–	–	–
Trade and other payables	19.4	–	–	(0.8)	–
Financial guarantee contract	–	–	–	–	–

28 February 2018

Assets (£'million)	Carrying value	Net (losses)/ gains	Total interest income	Total interest expense	Impairment
Financial asset at fair value through profit or loss	5.9	–	–	–	–
Derivatives	5.8	–	–	–	–
Loans to joint venture	26.2	–	2	–	–
Loans to associates	8.5	–	1	–	–
Loans and trade receivables	8.3	–	1	–	–
Other receivables	28.9	–	–	–	–
Cash and cash equivalents	16.4	–	–	–	–
Liabilities (£'million)					
Long-term borrowings	482.0	–	–	44.8	–
Derivatives	0.2	–	–	–	–
Preference shares	70.5	–	–	3.3	–
Deferred revenue	10.7	–	–	–	–
Short-term borrowings	36.8	–	–	5.4	–
Bank overdrafts	0.5	–	–	–	–
Trade and other payables	24.4	–	–	–	–

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.

SUPPLEMENTARY INFORMATION (continued)

12 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 28 February 2019:

	Audited 28/02/19		
Assets	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
Securities			7 548
Trading derivatives			
South Africa CPI hedge		8 286	
Non-financial assets at fair value through profit or loss			
Investment properties			727 209
Total assets		8 286	734 757
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap		2 236	
Derivatives used for hedging			
Interest rate contracts		60	
Financial liabilities at amortised cost			
Preference shares		60 823	56
Borrowings			428 221
Total liabilities		63 119	428 277

	Audited 28/02/18		
Assets	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit and loss			
Securities			5 886
Trading derivatives			
Cross currency swap		5 847	
Non-financial assets at fair value through profit or loss			
Investment properties			841 647
Total assets		5 847	847 533
Liabilities			
Financial liabilities at fair value through profit and loss			
Trading derivatives			
Cross currency swap			
Derivatives used for hedging			
Interest rate contracts		224	
Financial liabilities at amortised cost			
Preference shares		70 488	62
Borrowings			518 733
Total liabilities		70 712	518 795

SUPPLEMENTARY INFORMATION (continued)

12 Fair value hierarchy (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the year-end. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price.

The carrying amounts reported in the statement of financial position approximate fair values. Discounted cash flow models are used for trade and loan receivables. The discount yields in these models use calculated rates that reflect the return a market participant would expect to receive on instruments with similar remaining maturities, cash flow patterns, credit risk, collateral and interest rates.

The fair value of investment properties is based on rental yield valuations and vacancy rates at the year-end. The key observable inputs are rental yields and vacancy rates.
Should UK property yields increase by 1%, the valuations would be lower by approximately £34.41 million.
Should UK property yields decrease by 1%, the valuations would be higher by approximately £53.45 million.
Should UK property vacancy rates increase by 1%, the valuations would be lower by approximately £1.88 million.
Should UK property vacancy rates decrease by 1%, the valuations would be higher by approximately £2.02 million.
Should Namibia property yields increase by 1%, the valuations would be lower by approximately £4.28 million.
Should Namibia property yields decrease by 1%, the valuations would be higher by approximately £5.19 million.
Should Namibia property vacancy rates increase by 1%, the valuations would be lower by approximately £0.49 million.
Should Namibia property vacancy rates decrease by 1%, the valuations would be higher by approximately £0.36 million.
Should Africa (excluding Namibia and South Africa) property yields increase by 1%, the valuations would be lower by approximately £32.60 million.
Should Africa (excluding Namibia and South Africa) property yields decrease by 1%, the valuations would be higher by approximately £34.72 million.
Should Africa (excluding Namibia and South Africa) property vacancy rates increase by 1%, the valuations would be lower by approximately £0.27 million.
Should Africa (excluding Namibia and South Africa) property vacancy rates decrease by 1%, the valuations would be higher by approximately £0.27 million.
Should South Africa property yields increase by 1%, the valuations would be lower by approximately £60.25 million.
Should South Africa property yields decrease by 1%, the valuations would be higher by approximately £39.38 million.
Should South Africa property vacancy rates increase by 1%, the valuations would be lower by approximately £74.50 million.
Should South Africa property vacancy rates decrease by 1%, the valuations would be higher by approximately £45.41 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.

Reconciliation of recurring level 3 fair value financial instruments:

	Audited 28/02/19	Audited 28/02/18
Investment Properties		
At beginning of year	841 647	806 660
Additions	10 968	25 422
Acquired through change in control of associate to subsidiary	4 252	4 840
Capitalisation of borrowing costs	979	641
Foreign currency translation differences	(69 222)	(10 797)
Disposals	(52 890)	(9 696)
Transfer to assets held for resale	(893)	(1 271)
Straight line lease adjustment	9 683	14 088
Net gain from fair value adjustments on investment property	(17 315)	11 760
At end of year	727 209	841 647
Financial assets		
At beginning of year	5 886	5 924
Additions	84	—
Loss of controlling interest in subsidiary	2 586	
Fair value gain / (loss)	191	(38)
Distribution received	(1 199)	—
At end of year	7 548	5 886

DIRECTORATE AND ADMINISTRATION

Directorate

C H Wiese (77) †
B A, LL B, D Com (HC)
Chairman

K R Collins (47) +

L L Porter (67) *
B A, BSc, DPhil, FBCS, CITP
Appointed on 2 May 2018

M J Roberts (72) * + °
B A

H R W Troskie (49) * + °
B Juris, LL B, LL M

J D Wiese (38) †
B A, LL B, M Com
alternate to C H Wiese

T A Vaughan (53) #
B Sc Hons, MRICS

F H Esterhuyse (49) #
B Acc Hons, M Com, CA(SA)

K L Nordier (52) # °
B Acc, BCompt Hons, CA (SA)
Financial director

D A Harrop (49) #
B A Hons, ACA

- # Executive
- † Non-executive
- * Non-executive and member of the audit committee
- + Non-executive and member of the remuneration committee
- ° Member of the social and ethics committee

Administration

Company secretary
Mettle Corporate Finance (Pty) Ltd
PO Box 3991
Tygervalley 7536

Sponsor
Mettle Corporate Finance (Pty) Ltd

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
36 Stellenberg Road
Parow Industria 7493
PO Box 6100
Parow East 7501
Telephone: +27 21 929 4800
Facsimile: +27 21 929 4785

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

Auditors
PricewaterhouseCoopers Inc