

## TRADEHOLD LIMITED

(Registration number: 1970/009054/06)

("Tradehold" or "the Group")

Incorporated in the Republic of South Africa

JSE Share code: TDH ISIN: ZAE000152658

JSE Preference Share code: TDHP ISIN: ZAE000201166

Tradehold Limited - Audited results for the 12 months to 28 February 2015

Although listed on the JSE, the bulk of the operating assets of Tradehold Limited, an investment holding company, are located in the UK. These assets consist primarily of a 95% holding in the property-owning Moorgarth group of companies and an indirect holding, through Reward Investments Limited, of 70% in the two operating Reward LLP's, Reward Capital and Reward Commercial Finance. By far the largest of Tradehold's investments is in Moorgarth which manages a £116 million portfolio of retail, commercial and industrial buildings. In the course of the year, Tradehold also acquired the total issued share capital of the South African financial services business Mettle whose operations show considerable synergies with those of the two Reward companies.

## FINANCIAL PERFORMANCE

By the end of February 2015, Tradehold had emerged as a substantially changed and enlarged business, when compared to a year ago, growing its total assets by 61.4% to £207 million. Its UK property interests held through Moorgarth are - and will for the foreseeable future continue to be - the dominant component of its business. However, in the past year it also extended its property interests to Africa through the establishment of Tradehold Africa and the acquisition, to be finalised in the new financial year, of the bulk of the property holdings of the Collins Group in Africa (outside South Africa) and in the UK. Independent of those acquisitions, Tradehold Africa has already embarked on major development projects with local partners. Tradehold Africa made no contribution to revenue for the year as the company is still in its investment phase.

During the reporting period, Tradehold expanded its property holdings in the UK, resulting in an increase in revenue of 65.1% to £20.7 million (2014: £12.6 million). Operating profit increased by 39% from £7.9 million to £11 million while net profit for the year stood 22.5% higher at £7.8 million (2014: £6.4 million). Core headline earnings per share (as defined by entity) were 5.4 pence (2014: 3.3 pence).

## BUSINESS ENVIRONMENT

In 2014, the British economy grew at its fastest pace in nine years, with GDP expanding by 2.8%, according to the UK's Office for National Statistics. The positive climate of the benign economic environment - low inflation, low interest rates, rising employment and stabilising wages - stimulated business. It also boosted consumer confidence to reach its highest level in 12 years. The UK's powerful CBI business lobby reported that economic output during the year accelerated at the fastest rate since the early stages of the financial crisis in 2007. Buoyed by factors such as these, the commercial and retail property market strengthened further, with domestic and international investment spreading out from London into regional markets. Rentals seem to have bottomed out in the more secondary markets while there are positive signs of an increase in the demand for space.

## PROPERTY

## Moorgarth

In the past year the value of Moorgarth's property portfolio increased by 49.9% from £77.4 million to £116 million. It generated an operating profit of £8.5 million (2014: £3.5 million) and its contribution to net profit of the group was £7 million (2014: £3.3 million). With the steady improvement in the British economy, the company was able to secure a number of significant lettings to enhance the profile of its assets in the market.

During the reporting period Moorgarth acquired six new properties at a total cost of £39.1 million. Of the six, five are located in central London while the sixth, in Leeds, serves as the Group's UK headquarters. Of the five London properties, four are office buildings and one a block of residential units. One of the office buildings offers opportunities for redevelopment which would double the size of the present lettable area. Moorgarth's new serviced office business operates in two of these buildings.

The extensive refurbishment of the Market Place regional shopping centre in Greater Manchester is expected to be completed by December this year. Substantial interest is being received from leading retailers for space in the centre and several new lettings have been concluded.

## Tradehold Africa

Tradehold Africa identifies real estate investment opportunities on the African continent outside South Africa, increasingly a focus area for investors seeking higher returns than those delivered in the developed economies. As part of its expansion programme, Tradehold Africa is currently implementing an agreement with Collins Group of KwaZulu-Natal to acquire the bulk of its commercial property holdings in Namibia, Zambia, Botswana and Mozambique, in addition to those in the UK. The integration of these properties into the Tradehold portfolio is now underway.

The company has also identified other opportunities to either develop or acquire commercial properties in various African countries. In Maputo in Mozambique it is developing, with local partners and at a cost of £30.5 million, executive accommodation for the United States government and the multinational Anadarko Petroleum Corporation on a medium- to long-term lease basis. In Namibia, it will be a partner in a development pipeline of £97.9 million which will be invested in the next three years.

## FINANCIAL SERVICES

### Reward

In the year to February 2015, the operating units of Reward Investments Limited - Reward Capital, which focuses on short-term, asset-backed loans to small and medium-sized businesses, and Reward Commercial Finance which offers bespoke invoicing-discounting facilities to similar-sized ones - continued to mature as businesses, generating revenue of £5.1 million (2014: £4.3 million) produced operating profit of £3.4 million (2014: £3.1 million). Its contribution to net profit of the group was £2.2 million (2014: £2 million). The two businesses continued recruiting key personnel with risk management skills in anticipation of future expansion in both products and geographical coverage.

The reluctance of High Street banks to provide short-term overdraft facilities continues to ensure strong demand for the loan facilities offered by Reward Capital. Whilst the last 12 months saw a number of new entrants into the market operating in a similar space and putting some pressure on margins, Reward Capital again proved itself capable of growing both turnover

and profit. Reward Commercial Finance operates in a growing, yet highly competitive industry but where innovative solutions are still in demand. Internet-based funders, the emergence of "challenger" banks and the increasing prevalence of peer-to-peer funders, continue to transform the lending landscape in the UK.

#### Mettle

In its first year as part of the Tradehold group, Mettle produced an operating profit of £1.1 million and its contribution to net profit of the group was £0.4 million. Its services and product offerings include invoice discounting, incremental housing finance, corporate finance, outsourced credit administration in the asset finance industry, outsourced treasury services and solar energy solutions. Members of its senior management have been brought into the group structure and now fill the positions of joint chief executive and group financial director.

#### COMMENTS ON THE RESULTS

Fair value adjustments on non-core assets are:

(£'million)	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
Fair-value adjustment of UBS AG shares	(0.9)	1.7

#### DIVIDEND DISTRIBUTION

On 29 May 2015, the board approved and declared a final gross dividend of 6 cents per ordinary share. The payment will reduce the company's share premium. The dividend will be paid in cash.

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

Declaration date	Friday, 29 May 2015
Last date to trade cum dividend	Friday, 19 June 2015
Date trading commences ex dividend	Monday, 22 June 2015
Record date	Friday, 26 June 2015
Date of payment to shareholders	Monday, 29 June 2015

Share certificates may not be dematerialised or rematerialised between Monday, 22 June 2015, and Friday, 26 June 2015, both days inclusive.

#### Additional Information

Although the distribution reduces the share premium of the company, the distribution constitutes a foreign dividend as defined in section 1 of the Income Tax Act ("ITA") and is a dividend for purposes of Dividends Tax ("DT"), since the shares are listed on the JSE Limited. Shareholders who are not exempt from the DT will therefore receive a dividend of 5.1 cents net of DT. The company has 156 132 877 ordinary shares in issue and its income tax reference number is 9725126719. Shareholders that may qualify for an exemption from the DT should declare their status to their regulated intermediary.

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

#### LISTING OF "A" PREFERENCE SHARES

At the end of January 2015, Tradehold undertook a capital raising to facilitate the growth of its property portfolio in the UK and to fund its investment in commercial and retail property in sub-Saharan Africa (excluding South Africa). This step is in line with the board's strategy

to grow the net asset value of the Group. The capital raising programme was implemented through the listing, on 5 February 2015, of 65 million cumulative, redeemable "A" preference shares on the JSE at an issue price of R10 a share, raising £35.7 million.

#### SHARE ISSUE

On 15 April 2014 Tradehold issued 2 666 666 shares to five key management personnel on full recourse loan accounts, for a total consideration of R31 999 992. On 14 July 2014 Tradehold issued 14 366 844 shares to five investors for cash, in terms of a special placement, for a total consideration of R207 263 192.

#### CAPITAL COMMITMENTS

Capital commitments contracted but not provided for at year-end are £12,265,000 principally relating to property development in Mozambique, to be funded by long term borrowings (Standard Bank).

Tradehold and Collins Property Projects Proprietary Limited ("Collins") entered into an agreement on 11 June 2014 whereby Tradehold will acquire a portfolio of commercial property assets in Botswana, Zambia, Namibia, Mozambique and the United Kingdom from Collins and its affiliates, subject to the fulfilment of certain conditions. Collins and its affiliates will use the proceeds of such disposal to subscribe for ordinary shares in Tradehold. At the reporting date, all the conditions pursuant to the agreement had not yet been fulfilled. It is expected that the acquisitions will take place within the 2016 financial year following the fulfilment of such conditions.

#### OUTLOOK

The board expects the growth of the past financial year to continue in 2015/16. Much of what is now on the drawing board is intended for the longer term; some of it will, however, also come to fruition in the months ahead such as the acquisition of properties in Southern Africa and the UK to the value of some £22.7 million once the transaction with Collins Group is finalised.

The capital raised in the South African market at the end of the financial year is clear evidence of the Group's determination to grow its asset base in both the UK and Africa. In the UK the income stream generated by the new properties in London will start making a meaningful contribution to rental income while the renovations to our Market Place shopping complex, to be completed towards the end of the year, will enhance the desirability of the address for retailers in the Greater Manchester area.

We are confident that the broad-based economic revival in the UK will retain its momentum following the re-election of the Tory government in early May. We are also convinced that our financial services arm will continue to flourish as it extends its services and enlarges its client base.

#### ACCOUNTING POLICY

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

The Listings Requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of 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 International Financial Reporting Standards and are consistent with those accounting policies applied in the preparation of the previous consolidated annual financial statements, except for the adoption of the following new standard, amendments to publicised standards and interpretations that became effective for the current reporting period beginning on 1 March 2014:

- Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'.

The amendment provides guidance on whether an entity is required to discontinue hedging when the derivatives which are designated hedging instruments are novated to a central party.

- Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'.

The amendment brings the disclosures for impaired assets whose recoverable amount is fair value less cost to sell in line with the disclosure requirements of IFRS 13,

'Fair value measurements'. - Amendments to IAS 32, 'Offsetting financial assets and liabilities'.

Classification of certain aspects concerning the requirements for offsetting financial assets and liabilities.

Core headline earnings

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

#### AUDIT OPINION

These summary consolidated financial statements for the year ended 28 February 2015 have been audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The auditor also expressed an unmodified opinion on the annual financial statements from which these summary consolidated financial statements were derived.

A copy of the auditor's report on the summary consolidated financial statements and of the auditor's report on the annual consolidated financial statements are available for inspection at the company's registered office, together with the financial statements identified in the respective auditor's reports.

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

#### PREPARATION OF FINANCIAL RESULTS

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

#### REPORTING CURRENCY

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

C H Wiese  
Chairman

K L Nordier  
Director

Malta  
29 May 2015

Sponsor  
Bravura Capital (Pty) Ltd

#### STATEMENT OF COMPREHENSIVE INCOME

(£'000)	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
Revenue	20 731	12 559
Trading profit	12 012	6 146
Gain/(loss) on disposal/(purchase) of investments	1 117	(3)
Impairment of goodwill	(1 288)	-
Fair value (loss)/gain through profit or loss	(886)	1 741
Operating profit	10 955	7 884
Finance income	809	157
Finance cost	(2 289)	(245)
Profit from associated companies	165	-
Profit before taxation	9 640	7 796
Taxation	605	514
Profit for the year	9 035	7 282
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	(549)	-
Currency translation differences	(161)	61
Total comprehensive income for the year	8 325	7 343
Profit attributable to:		
Owners of the parent	7 832	6 392
Non-controlling interest	1 203	890
	9 035	7 282
Total comprehensive income attributable to:		
Owners of the parent	7 259	6 453
Non-controlling interest	1 066	890
	8 325	7 343
Earnings per share (pence): basic		
- basic	5,1	4,6
- headline earnings	3,3	4,5
- core headline earnings (as defined by entity)	5,4	3,3
Number of shares for calculation of earnings per share ('000)	153 143	138 567
Earnings per share (pence): diluted		
- diluted	5,0	4,6

- headline earnings	3,3	4,5
- core headline earnings (as defined by entity)	5,4	3,3
Number of shares for calculation of diluted earnings per share ('000)	155 341	138 567

#### STATEMENT OF FINANCIAL POSITION

(£'000)	Audited 28/02/15	Audited 28/02/14
Non-current assets	133 399	77 873
Property, plant and equipment	5 186	5 337
Investment properties	120 552	72 536
Goodwill	2 306	-
Investments in associates	1 544	-
Deferred taxation	261	-
Trade and other receivables	1 645	-
Loans receivable	1 905	-
Current assets	74 138	50 274
Financial assets	7 271	8 130
Loans to associates	550	-
Trade and other receivables	31 969	16 952
Cash and cash equivalents	34 348	25 192
Total assets	207 537	128 147
Equity	122 328	99 939
Ordinary shareholders' equity	122 244	99 327
Non-controlling interest	84	612
Non-current liabilities	63 901	17 627
Preference share capital	34 753	51
Long-term borrowings	19 792	17 444
Derivative financial instruments	2 314	-
Deferred revenue	4 818	-
Contingent consideration	2 064	-
Deferred taxation	160	132
Current liabilities	21 308	10 581
Short-term borrowings	12 529	6 537
Bank overdrafts	206	-
Other current liabilities	8 573	4 044
Total equity and liabilities	207 537	128 147

#### STATEMENT OF CASH FLOWS

(£'000)	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
Cash flows from operating activities	9 034	5 678
Cash flows utilised by investing activities	(52 001)	(27 394)
Acquisition of investment properties	(50 723)	(25 973)
Acquisition of property, plant and equipment	(389)	(109)
Proceeds on disposal of investment properties	10 044	-
Proceeds on disposal of property, plant and equipment	39	17
Business combinations, net of cash acquired	625	-
Net proceeds on disposal of financial asset	(181)	1 780
Dividends received from associates	95	-
Loans advanced to associate undertaking	(396)	-
Loans and advances - issued	(55 461)	(35 812)
Loans and advances - repaid	44 346	32 703

Net cash flow	(42 967)	(21 716)
Cash flows from financing activities	52 118	16 663
Proceeds from borrowings	7 549	17 444
Repayment of borrowings	(1 095)	(81)
Proceeds from ordinary share issue	11 276	-
Share buy-back from minority shareholder	(187)	-
Proceeds from preference share issue	35 674	-
Redemption of preference shares	(216)	-
Dividend to non-controlling interests	(883)	(700)
Net increase/(decrease) in cash and cash equivalents	9 151	(5 053)
Effect of changes in exchange rate	(201)	61
Cash and cash equivalents at beginning of the year	25 192	30 184
Cash and cash equivalents at end of the year	34 142	25 192

#### NON CASH TRANSACTION

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

- Purchase of the subsidiary Mettle Investments (Pty) Ltd

Refer to 12.1 for detail of the transaction

- Tradehold Limited share issues

On 15 April 2014 2,666,666 Tradehold Limited shares were issued to key persons on loan account.

- Sale of subsidiary Lendcor (Pty) Ltd

Refer to 12.4 for detail of the transaction

#### STATEMENT OF CHANGES IN EQUITY

(£'000)	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
Balance at beginning of the year	99 939	93 793
Proceeds from ordinary share issue	13 614	-
Transactions with owner of the entity	(624)	-
Distributions to minorities	(883)	(700)
Disposal of subsidiary	(280)	-
Acquisition of subsidiary	211	-
Contingent consideration recognised directly in equity	2 453	-
Dividends distributed to shareholders	(427)	(500)
Profit for the year	9 035	7 282
Other comprehensive income for the year	(710)	64
Balance at end of the year	122 328	99 939

#### SUPPLEMENTARY INFORMATION

(£'000)	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
1. Depreciation for the year	372	297
2. Capital expenditure for the year	51 112	26 082
3. Calculation of headline earnings Net profit	7 832	392

	Gain on revaluation of investment properties	(2 156)	(222)
	Profit on disposal of investment properties	(1 359)	-
	Gain from bargain purchase	(9)	-
	(Profit)/loss on disposal/purchase of investment	(1 117)	3
	Impairment of goodwill	1 288	-
	Loss/(profit) on disposal of property, plant and equipment	134	(17)
	Non-controlling interest and tax	508	33
		5 121	6 189
4.	Calculation of core headline earnings		
	Headline profit	5 121	6 189
	Gain on revaluation of investment properties	2 156	222
	Profit on disposal of investment properties	1 359	-
	Legal fee income	(782)	-
	Loss/(profit) on fair value adjustment of UBS shares	886	(1 741)
	Non-controlling interest and tax	(410)	(33)
		8 330	4 637
5.	Number of shares in issue ('000)	156 133	138 567
6.	Net asset value per share (pence)	78,3	71,7
7.	Financial assets		
	Listed investments at fair value	7 271	8 130
8.	Contingent liabilities	480	480
9.	Related parties		
	During the year under review, in the ordinary course of business, certain companies within the Group entered into transactions with each other. All these intergroup transactions are similar to those in the prior year and have been eliminated in the annual financial statements on consolidation. For further information, refer to the audited annual financial statements.		
10.	Events after the reporting period		
	On 22 April 2015 Inception Holdings S.ar.l. entered into a £12,094,423 contract with McLaren Construction Limited for the refurbishment of the Market Place Shopping Centre in Bolton; the central part of the project is the construction of a new 9 screen cinema.		
	Moorgarth Holdings (Luxembourg) S.ar.l. ("Moorgarth") has entered into a joint arrangement with Texton Property Fund Limited ("Texton") whereby Moorgarth will acquire 50% of a newly incorporated special purpose vehicle, Inception (Reading) S.ar.l. ("Inception"). Inception will then be used as the vehicle to acquire a well-located retail shopping centre ("Broad Street Mall") in Reading, England, with an independent gross valuation of £63 million. The effective date of the acquisition will be on or about 1 June 2015.		
11	Goodwill		
		Audited	Audited
		28/02/15	28/02/14
11.1	Cost	3 594	-
	Accumulated impairment losses	(1 288)	-

		2 306	-
11.2	Cost		
	Balance at beginning of year	-	-
	Acquired through business combinatio	3 566	-
	Foreign currency translation movements	28	
	Balance at end of year	3 594	-
11.3	Accumulated impairment losses		
	Balance at beginning of year	-	-
	Impairment losses recognised in the year	(1 288)	-
		(1 288)	-

The carrying amount of the SA short-term lending segment has been reduced to its recoverable amount through recognition of an impairment loss against goodwill. This loss is shown in the income statement.

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

2015	Opening	Additions	Impairment	Closing
SA short-term lending	-	3 575	(1 288)	2 287
Africa property - residential	-	19	-	19
Total	-	3 594	(1 288)	2 306

As the goodwill allocated to the Africa property - residential segment is negligible to the group operations, the impairment test was focused on the SA short-term lending segment. 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 growth rates stated below.

	Audited 28/02/15	Audited 28/02/14
The key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows:		
Operating profit margin (% of revenue)	25,14%	-
Operating profit growth rate	8,00%	-
Sustainable growth rate	2,10%	-
Pre-tax discount rate	15,49%	-

An impairment charge of £1.288million arose in the SA short-term lending segment during the course of the year, resulting in the carrying amount being written down to its recoverable amount. The impairment charge arose as a result of the disposal of 40.08% of Lendcor (Pty) Limited during the year.

The sensitivity of the recoverable amount of the CGU to changes in the principal assumptions is:

All amounts in £'000

Key assumption	Increase by 1%	Decrease by 1%
Operating profit margin (% of revenue)	330	(327)
Operating profit growth rate	317	(307)
Sustainable growth rate	430	(370)
Pre-tax discount rate	(596)	696

## 12 Business Combinations

### 12.1 Mettle Investments Proprietary Limited

On 3 March 2014, the group acquired 100% of the share capital of Mettle Investments Proprietary Limited ("Mettle"), a South African financial services business focusing on asset-backed short-term lending, incremental housing finance and credit administration services, for a consideration of £4,271,000.

As a result of this acquisition, the Group has acquired a skilled and entrepreneurial management team, and is expected to expand its financial services operations in Africa and the United Kingdom.

The goodwill arising from this acquisition is attributable to economies of scale expected from combining the acquired management skills with those of Reward Capital and Reward Commercial Finance for pursuance of expansion opportunities in both Africa and the United Kingdom.

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

	Audited 12 months to 28/02/15	Audited 12 months to 28/02/14
Total consideration	4 271	-
Initial consideration	2 453	-
Additional contingent consideration	1 818	-
Recognised amounts of identifiable assets acquired and liabilities assumed at provisional fair value		
Total assets	5 374	-
Loan receivables	4 028	-
Investment in associates	392	-
Loans due by associates	136	-
Trade receivables	434	-
Cash and cash equivalents	142	-
Other	242	-
Total liabilities	(4 138)	-
Borrowings	(3 795)	-
Other	(343)	-
Total identifiable net assets	1 236	-
Non-controlling interests	(204)	-
Goodwill	3 239	-
Total consideration	4 271	-
Contingent consideration	(4 271)	-
Cash outflow from purchase	-	-

Cash acquired	142	-
Net cash (out)/inflow on acquisition	142	-

Acquisition-related cost are immaterial and were charged to administrative expenses in the consolidated income statement of the company for the year ending 28 February 2014.

The initial and contingent consideration arrangement requires the group to pay the former owners of Mettle in full through the issue of new Tradehold Limited shares in two separate tranches.

The initial consideration is 3,200,000 shares valued at £2.4 million based on the Tradehold Limited closing share price on the transaction date.

The additional contingent consideration, limited to £2.1 million, is dependent on Mettle's profit after tax for the year ending 29 February 2016, and its net asset value at 29 February 2016.

The potential discounted amount of all future payments that the group could be required to make under this arrangement is £4,696 million.

The fair value of the contingent consideration is a maximum of £2.243 million, and was estimated based on assumed profit after tax in Mettle of R11.7 million for the year ending 29 February 2016. This profit is based on management's forecast at the date of acquisition and to date there has been no change in this forecast.

Every R1 of profit after tax below R11.67 million for 29 February 2016, will decrease the liability by R6, with a similar credit to the income statement for the year ending 29 February 2016.

The fair value of loan receivables included in total assets is R72,705,891. The gross contractual amount for trade receivables due is R80,735,335 , of which R8,029,444 is expected to be uncollectable.

The revenue included in the consolidated income statement for the current year contributed by Mettle was £3.4 million. Mettle also contributed profit after tax and controlling interest of £0.4 million for the current year.

## 12.2 Cognis 1, Limitada

On 29 August 2014, the group effectively acquired 85% of the share capital of Cognis 1, Limitada ("Cognis"), a Mozambique registered property holding company.

The total consideration was 1,350,000 Meticaais.

The group's effective shareholding in Cognis is 60%.

Cognis owns land in Maputo, Mozambique with development rights for a large residential development comprising 18 buildings with 78 residential units, adjoining the American, French and Portuguese private schools.

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

Recognised amounts of identifiable assets acquired and liabilities assumed at provisional fair value		
Total assets	4 837	-
Investment property	2 845	-
Loans receivable	856	-
Trade receivables	726	-
Cash and cash equivalents	410	-
Total liabilities	(4 818)	-
Deferred revenue	(4 818)	-
Total identifiable net assets	19	-
Non-controlling interest	(7)	-
Goodwill	16	-
Total consideration paid	28	-
Cash acquired	410	-
Net cash inflow on acquisition	382	-

Acquisition-related cost of Cognis are immaterial and were charged to administrative expenses in the consolidated income statement for the year.

The fair value of loan receivables included in total assets is £856,289.

The non-controlling interest has been recognised as a proportion of net assets acquired.

#### 12.3 Acquisition of other subsidiaries

Mettle Investments (Pty) Ltd acquired two former associates Mettle Administrative Services for a total consideration of £249,121 and Mettle Vehicle Finance for £1, resulting in a goodwill of £160,932 and a bargain purchase gain of £8,676 respectively.

Net cash inflow on acquisition	97	-
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Mettle Investments Proprietary Ltd acquired 100% of the ordinary share capital of Pointbreak M&A Proprietary Limited for £108,639, of which £104,193 is contingent, resulting in a goodwill of £146,891.

Net cash inflow on acquisition	7	-
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Tradehold Africa Limited acquired 100% of TC Mozambique Properties Limited, 70.6% of TC Maputo Properties Limited and 100% of Tradehold Solar Limited for £3,353, resulting in a goodwill of £3,190.

Net cash outflow on acquisition	(3)	-
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#### 12.4 Disposal of a subsidiary

On 30 November 2014, Mettle Investments Proprietary Ltd effectively disposed of 40.08% of Lendcor (Pty) Limited for

£996,900, thereby retaining an interest of 39.92% and resulting in a loss of control.

The following table summarises the assets and liabilities over which control was lost:

Total assets	(5 669)	-
Loan receivables	(5 072)	-
Cash and cash equivalents	(181)	-
Other assets	(416)	-
Total liabilities	4 269	-
Borrowings	4 031	-
Other	238	-
Total net assets before non-controlling interest	(1 400)	-
Non-controlling interest	280	-
Net assets over which control was lost	(1 120)	-
Consideration due	2 189	-
Deferred consideration	997	-
Fair value of retained equity interest	1 192	-
Profit on disposal	1 069	-
Net cash outflow on disposal of subsidiary	(181)	-
Consideration due	(2 189)	-
Deferred consideration	997	-
Fair value of retained equity interest	1 192	-
Cash disposed of	(181)	-

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Fair value hierarchy

Effective 1 March 2009, the group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

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

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

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

		Audited 28/02/14		
Assets	Level 1	Level 2	Level 3	
Financial assets at fair value through profit and loss				
Trading securities	8 130	-	-	-
Non-financial assets at fair value through profit or loss				
Investment properties	-	-	-	72 536
Total assets	8 130	-	-	72 536

Liabilities				
Financial liabilities at fair value through profit and loss				
Contingent consideration	-	-	-	-
Trading derivatives				
Cross currency swap	-	-	-	-
Derivatives used for hedging				
Interest rate contracts	-	-	-	-
Financial liabilities at amortised cost				
Preference shares	-	-	-	-
Borrowings	-	-	-	23 981
Total liabilities	-	-	-	23 981

The fair value of financial instruments traded in active markets is based on quoted market prices at 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 fair value of investment properties is based on rental yield valuations at year-end. Should property yields increase by 1%, the valuations would be approximately £15 million lower. Should the property yields decrease by 1%, the valuations would be approximately £21 million higher.

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.

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.

#### SEGMENTAL ANALYSIS

(£'000)	Revenue	Trading profit/(loss)
Twelve months to 28 February 2015 (audited)		
Property - retail	6 900	5 447
- commercial	611	1 187
- offices	1 330	1 278
- leisure	3 057	111
- residential	87	209
- other	260	-
Short-term lending	8 486	4 456
Treasury	-	(676)
	20 731	12 012
Twelve months to 28 February 2014 (audited)		
Property - retail	4 559	3 274
- commercial	610	167
- offices	290	(12)
- leisure	2 839	35
- other	-	125
Short-term lending	4 261	3 137
Treasury	-	(580)
	12 559	6 146

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