

GRAND PARADE

INVESTMENTS LIMITED

GRAND PARADE INVESTMENTS LIMITED SUMMARISED AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2020

SALIENT FEATURES

R97.1 million
DECREASE IN REVENUE

R79.5 million
DECREASE IN EBITDA PRE FAIR VALUE ADJUSTMENTS

R2.5 million
DECREASE IN OPERATING PROFIT FROM CONTINUING OPERATIONS VERSUS PRIOR YEAR

R99.7 million
DECREASE IN HEADLINE EARNINGS

23.4 cents
DECREASE IN HEADLINE EARNINGS PER SHARE

50%
DECREASE IN DEBT EQUITY RATIO

OPERATIONAL HIGHLIGHTS

90
CORPORATE OWNED BURGER KING RESTAURANTS AS AT 30 JUNE 2020

FINALISED
THE LIQUIDATION OF DUNKIN' BRANDS

BURGER KING ACHIEVED ANNUAL REVENUE IN EXCESS OF
R1 billion
DESPITE LOCKDOWN

REDUCED CENTRAL COSTS' HEADLINE LOSS CONTRIBUTION
by 22%
TO R34 MILLION FOR THE PERIOD UNDER REVIEW

CONTENTS

Letter to Shareholders 2

SUMMARISED AUDITED FINANCIAL STATEMENTS 3

Introduction 3

Group financial review 3

Review of investment operations 5

Prospects 9

Consolidated statement of comprehensive income 10

Consolidated statement of financial position 11

Consolidated statement of changes in equity 12

Consolidated statement of cash flows 13

Notes to the consolidated annual financial statements 14

Company information 32

GRAND PARADE INVESTMENTS LIMITED
LETTER TO SHAREHOLDERS

Dear Shareholder,

I am pleased to notify you that the annual financial statements of Grand Parade Investments Limited ("the Company") and the Group, for the financial year ended 30 June 2020, have been published and are available, without charge, on the Company's website at www.grandparade.co.za or upon request to the Company Secretary at investor-relations@grandparade.co.za during normal business hours.

You will find a copy of the Summarised Audited Financial Statements of the Company and the Group, for the financial year ended 30 June 2020 in this booklet and a copy thereof is also available on the Company's website as indicated in the paragraph above.

I am furthermore, pleased to notify you that he Annual General Meeting of the shareholders of the Company will be held on 7 December 2020 in the Market Hall at GrandWest Casino, 1 Jakes Gerwel Drive, Goodwood, commencing at 18:30.

The full notice of the Annual General Meeting and the Form of Proxy will be posted to you in due course.

Please ensure that Computershare has your current contact and banking details on record to prevent the non-delivery of our communications or the non-payment to you of any dividend payments. If you have not yet elected to receive communications by electronic means (email), please consider electing this as your preferred method of receiving communications from GPI and Computershare, as this will contribute to our efforts to embrace the use of technology to conserve our natural resources.

Sincerely,

Alex Abercrombie
Chairman

23 September 2020

GRAND PARADE INVESTMENTS LIMITED
SUMMARISED AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

INTRODUCTION

The 2020 financial year has been a tale of two halves. In the first six months GPI delivered a strong set of results with all major financial metrics up on the prior year. Revenue for the first six months increased by 19% while comparable EBITDA was up 23%. The second half of the year was dominated by the impact of COVID-19 and the government-imposed lockdown restrictions. Under the level 5 restrictions all GPI's operational businesses were closed for the entire month of April while all gaming related businesses remained closed for the period from April to June. The ceasing of operations eroded all gains achieved in the first half of the year. During this period management acted swiftly and shifted focus to preserve cash through a series of cost-cutting initiatives that included rental reductions, salary reductions and the sale of non-core assets. These initiatives have improved liquidity and have allowed GPI to navigate through the worst of the lockdown.

For the 2020 financial year GPI has reported a considerable decrease of 262% in its headline earnings, deteriorating from a profit of R38.0 million to a loss of R61.7 million in the current year as a result of a sharp decline in both the Foods and Gaming businesses as well as the prospective application of IFRS 16. Over the financial year GPI delivered on its commitment to deleverage the business and to reduce central costs. Debt to equity ratio reduced by 50% whilst central cost reduced by 22%.

In this financial year, GPI has adopted IFRS 16, which has impacted the disclosure surrounding leases, the accounting for leases and also the comparability of the Statement of Comprehensive Income.

Operating profit from continuing operations remained in line with prior year reducing slightly from a profit of R44.2 million to a profit of R41.7 million. This is largely as a result of the adoption of IFRS 16 in the current year whereby rentals were accounted for on the statement of financial position with finance charges and depreciation accounted for lower down on the Statement of Comprehensive Income.

In addition to the financial impact that COVID-19 has had on the business the pandemic has also affected the Group's strategy to unlock value through a controlled sale of assets. Before the lockdown GPI was in the process of disposing its 30% stake in Sun Slots and had announced the sale of Burger King South Africa and Grand Foods Meat Plant ("BKSA Sale"). As a direct result of COVID-19 the Sun Slots deal was not consummated and management was forced to renegotiate the BKSA Sale. More information has been provided in the subsequent events section of this report.

GROUP FINANCIAL REVIEW

The Group uses headline earnings to assess the underlying investment contributions to the Group's earnings. The reason for using headline earnings is that it eliminates the once-off effects of the Group's investment activities and therefore provides a comparable view of the Group's continuing earnings.

GPI reported a significant decrease in headline earnings of 262%. Headline earnings deteriorated from a profit of R38.0 million in the prior year to a loss of R61.7 million at the end of June 2020.

The main contributors to the decline in headline earnings are:

- Burger King has reported a decline in its headline earnings contribution of 317%. Adding back the effect of IFRS 16 Burger King made a small loss despite being closed for April 2020 and only operating through home delivery for May 2020. Burger King returned to full operations during June 2020 and has showed resilience during these uncertain times with sales returning to comparable levels despite a sharp decline in sit down sales.
- Mac Brothers was affected by the slow-down in the manufacturing industry in the first half of the year reporting a loss contribution of R9.6 million for the first six months. The decline in the construction and manufacturing sectors was further exacerbated by a complete shutdown of the business during the month of April and May which resulted in a decline of R40.9 million in their headline earnings contributions for the year.

- The gaming businesses were severely affected by the government imposed lockdown restrictions and remained completely shut down from April to June. Sun Slots and SunWest reported a year-on-year decline in headline earnings contribution of R24.4 million and R35.0 million respectively. Both these businesses have resumed operations during July under very strict COVID-19 operational protocols

The following improvements offset the effect of the declines mentioned above:

- The investment in Spur improved headline earnings contribution by R6.6 million as a result of a reduction in debt and finance-related expenses.
- Grand Foods Meat plant reduced headline loss contribution by R0.7 million.
- The savings associated with the liquidation and subsequent closure of Dunkin' Donuts and Baskin-Robbins led to a reduction in the loss contribution of Dunkin' and Baskin-Robbins of R31.4 million.
- Corporate costs before net central finance income for the period decreased by 22% to R34.1 million compared to R43.6 million in the prior year. This is largely due to the restructuring of the head office and cost cutting initiatives implemented by management at the start of the lock-down.

The table below reflects the contribution each investment made to Group headline earnings:

	30 June 2020 R'000	30 June 2019 R'000	Movement R'000	Movement %
Food	**(60 256)**	**10 454**	**(70 710)**	**(676%)**
Burger King	**(25 501)**	11 749	(37 250)	(317%)
Mac Brothers	**(40 986)**	(212)	(40 774)	(19 233%)
Spur	**7 077**	512	6 565	1 282%
Grand Foods Meat Plant	**(846)**	(1 595)	749	(47%)
Gaming	**68 954**	**132 136**	**(63 182)**	**(48%)**
SunWest	**39 899**	74 855	(34 956)	(47%)
Sun Slots	**30 744**	55 121	(24 377)	(44%)
Worcester Casino	**(50)**	2 160	(2 210)	(102%)
Atlas Gaming	**(1 639)**	–	(1 639)	(100%)
Central costs	**(63 396)**	**(61 039)**	**(2 357)**	**(4%)**
Corporate costs (excluding net finance income)	**(34 094)**	(43 551)	9 457	22%
Transaction, legal and taxation	**(11 475)**	(327)	(11 148)	(3 409%)
Net corporate finance income	**(13 394)**	(16 932)	3 538	21%
GPI Properties	**(4 433)**	(229)	(4 204)	(1 836%)
CONTINUING OPERATIONS	**(54 698)**	**81 551**	**(136 249)**	**(167%)**
DISCONTINUED OPERATIONS	**(6 963)**	(43 564)	36 601	84%
Dunkin' Donuts	**(3 549)**	(25 147)	21 598	86%
Baskin-Robbins	**(1 686)**	(11 466)	9 780	85%
Bakery	**(1 728)**	(6 951)	5 223	75%
HEADLINE EARNINGS/(LOSS)	**(61 661)**	37 987	(99 648)	(262%)

DIVIDENDS

No dividends were declared and paid during the financial year.

CAPITAL STRUCTURE

The Group reduced its debt by R302.3 million during the year due to a repayment of R287.5 million on its preference debt and R14.8 million on its term loan and finance leases.

		30 June 2020 R'000	30 June 2019 R'000	Movement R'000	Movement %
Holding company facilities		**203 095**	**490 551**	**(287 456)**	**(59%)**
SunWest and Sun Slots	Preference shares	**203 095**	230 267	(27 172)	(12%)
Spur	Preference shares	**–**	260 284	(260 284)	(100%)
Subsidiary facilities		**54 972**	69 800	(14 828)	(21%)
GPI Properties	Term loans (Mortgage)	**53 491**	59 776	(6 285)	(11%)
Mac Brothers	Finance leases	**1 125**	4 267	(3 142)	(74%)
GF Meat Plant	Finance leases	**–**	5 093	(5 093)	(100%)
Burger King	Finance leases	**356**	628	(272)	(43%)
GPIMS	Finance leases	**–**	36	36	(100%)
Total debt		**258 067**	560 352	(302 284)	(54%)
Debt/EBITDA		**5.19**	3.37	1.82	57%
Debt/Equity		**15.3%**	30.3%	15.0%	(49.5%)

REVIEW OF INVESTMENT OPERATIONS

FOOD

Burger King

Burger King's revenue generated from food sales for the year remained flat at R1.010 billion compared to R1.015 billion in the prior year despite being closed during the month of April and only drive thru sales during May and opening all modes of trading for June 2020.

Average monthly restaurant revenues (ARS) decreased by 6.4% from R1.036 million last year to R0.969 million this year, largely as a result of the limited trade during the period March to June with the implementation of the national lockdown. For the first time since 2017, Burger King is reporting negative comparative sales of 12.85% (2019: positive 10.32%).

Drive Thru's and Home Delivery as service modes remained resilient throughout the period that the business was allowed to operate and increased during the month of June 2020 compared to the prior year by 34.4% and 59.2% respectively. Sales for Dine-In (-100%) and Take Away (-18.4%) services modes have been under severe pressure due to the uncertainty created by the COVID-19 pandemic which resulted in a trend away from sit down to contact-less service modes.

The total number of Burger King restaurants as at 30 June was 97 of which 90 are corporately owned. The net restaurant movement for the year totalled five, which included the opening of eight new restaurants and the closure of three unprofitable restaurants.

Burger King realised a Company EBITDA of R26.85 million excluding the effects of IFRS16 during FY2020 compared to R53.6 million in the prior year. Of significant importance is the rental reductions received from landlords and increased ETI contributions from the government. Despite the significant decrease in profit, the business showed great resilience during this time.

Dunkin' Brands

During April 2020 the first liquidation accounts of Dunkin' Brands was finalised by the Master. The closure of these businesses has resulted in a reduction in headline earnings loss contribution of R31.4 million over the period under review.

Spur

A total dividend of R14.1 million (2019: R23.7 million) was received during the period with a related finance charge of R6.8 million (2019: R23.2 million) resulting in a R7.1 million (2019: R0.5 million) reported net profit contribution for the period.

Grand Foods Meat Plant

Grand Foods Meat Plant is directly influenced by Burger King's performance through their agreement with Burger King's main supplier, Digistics. As a result, the Grand Foods Meat Plant's revenue decreased by 7% to R142 million compared to prior year's R153 million.

Cost of sales in the current year decreased by 6% from R134.3 million to R128.5 million, as a result of the decrease in revenue and a gross margin. Gross margin for the year decreased by 3% points from 12% to 9% due to higher beef prices in the second quarter of the year.

Grand Foods Meat Plant's earnings for the year resulted in a R1.65 million loss after tax, compared to the R1.63 million net loss after tax incurred in the prior year.

Mac Brothers Catering Equipment

The past financial year was marked by the negative impact of a contracting local economy, weakened sales team and the COVID-19 lockdown during the last quarter of the 2020 financial year. Severely restricted trading in the catering, gaming and leisure sector during the national lockdown meant that revenue only returned in the month of June. Thus, resulting in R40.2 million loss for the year with all divisions and all revenue lines severely impacted. Various cost cutting measures are being implemented across the Company including short time, temporary lay-off and permanent retrenchments.

It was a slow start to the FY2020 for Mac Brothers; in what continued to be a very tough local trading environment in the construction and manufacturing sectors with very few new stores built by established restaurant chains. Revenue of R131.5 million for the year was R95.0 million (42%) lower than reported in the prior period.

Operating expenses were impacted by the adoption of IFRS 16 capitalisation of leases resulting in property leases previously included under operating expenses being reduced by R7.6 million and included in depreciation and finance charges. On a comparable basis operating expenses for the FY2020 of R53.7 million before property leases were 5% higher than the prior year adjusted amount of R51.3 million. Included in operating costs is a R1.8 million increase in provision for bad debts due to anticipated deterioration in debtors book recoveries as a result of the COVID-19 lockdown.

OTHER

Central Costs

The Group's net central costs excluding funding for the year amounted to R34.1 million, which is 22% lower than the central costs of R43.6 million last year. This is as a direct result of a restructure in the holding company which led to an improvement in efficiency. The overall savings were partially offset by once-off termination cost and special general meetings held during the year.

Share Capital

No new shares were issued or bought back during the period.

Treasury Shares

At 30 June 2020 a total of 40.5 million GPI shares were held as treasury shares by the Grand Parade Share Incentive Trust, GPI Management Services and the GPI Women's BBBEE Empowerment Trust. These entities are controlled by the Group, with the Grand Parade Share Incentive Trust holding 1.72 million treasury shares, GPI Management Services holding 24 million shares and the GPI Women's BBBEE Empowerment Trust holding 14.82 million treasury shares.

Preference Shares

During the current year, the Group redeemed 1 024 redeemable preference shares (SunWest) to Standard Bank at an issue price of R25 400 per share, totalling R26.0 million, and 70 000 redeemable preference shares (Spur Class "A") to Standard Bank at an issue price of R1 000 per share, totalling R70.0 million. 60 000 redeemable preference shares (Spur Class "B") to Standard Bank at an issue price of R1 000 per share totalling R60.0 million. 72 328 redeemable preference shares (Spur Class "C") to Standard Bank at an issue price of R1 000 per share totalling R72.3 million.

Directors and Company Secretary

Colin Priem resigned as Financial Director of the Company with effect from 31 March 2020. Jayson October was appointed as Financial Director with effect from 1 April 2020. Hassen Adams retired as Chairperson and non-executive director of the Company with effect from 31 January 2020. Alex Abercrombie was appointed as non-executive Chairperson of the Board with effect from 1 February 2020. Rozanna Kader was appointed as a non-executive director of the Company with effect from 1 February 2020. Monde Nkosi was appointed an a non-executive director of the Company on 3 December 2019. Keshan Pillay who was appointed as an independent non-executive director of the Company on 11 July 2019 resigned as such on 21 November 2019.

SUBSEQUENT EVENTS

In February 2020 GPI announced the BKSA Sale to Emerging Capital Partners (ECP). The deal was announced as part of a strategic shift to unlock shareholder value through a controlled sale of assets. Although COVID-19 has an impact on the overall plan, management have made good progress on various deals associated with the wind down.

Burger King South Africa and Grand Foods Meat plant

After a several months of negotiation management have successfully renegotiated the deal with ECP and have accepted a revised offer for BKSA and GFMP of R570 million and R23 million respectively. The deal has been negotiated on a cash basis with no earnings warranty. Management is in the process of negotiating a share purchase agreement after which a circular detailing terms of the BKSA Sale will be released and a general meeting of GPI shareholders convened to approve the transaction.

Sun Slots

In September 2019 GPI entered into an agreement to sell 30% of its stake in Sun Slots to Sun International. The deal was conditional on regulatory approval. At the end of June 2020 the parties had not received approval from the Gauteng Gaming Board and the proposed transaction had lapsed. GPI therefore retained its 30% interest in Sun Slots.

PROPERTIES

33 Heerengracht Property

In June 2020 GPI entered into an agreement to sell its head office building in Cape Town to Aragon property for R90 million. The deal is subject to a due diligence and a six-month leasing period. Aragon have completed the due diligence and have progressed to the leasing phase of the deal.

N1 City

In June 2020 GPI entered in to an agreement to sell the N1 City building for R26 million. GPI has received a guarantee for the full purchase price and is in the process of transferring the property. Management expect transfer of the property to be completed at the end of September 2020.

No 3 Epping Circle

In July GPI accepted an offer to sell No 3 Epping Circle property for R6 million. The transaction is subject to the completion of a due diligence and funding approval. GPI has received a deposit of 10% of the purchase price and await the outcome of the due diligence and funding approval at the end of September 2020.

RELATED PARTIES

The Group, in the ordinary course of business, entered into various transactions with related parties consistent with those as reported at 30 June 2020.

INAV

Management's assessment of the iNAV puts the value of the Group at R4.49 a share including an allowance for head office costs of R75 million (assuming a three-year wind-down) and excluding capital gains tax implications. Based on this valuation GPI is trading at a 55% discount to the current share price which presents a good opportunity to unlock value through a controlled sale of assets.

Company	Valuation method	EV less debt (R'000)	GPI holding %	GPI equity value (R'000)	Related holding co borrowings (R'000)	Intrinsic NAV (R'000)
FOOD INVESTMENTS				**675 005**	**–**	**675 005**
Burger King	ECP transaction	510 000	95.78%	488 478	–	488 478
Spur	Spot	18 000	100.00%	18 000	–	18 000
Mac Brothers	DCF	25 000	100.00%	25 000	–	25 000
Grand Foods Meat Plant	ECP transaction	1 842 452	7.79%	143 527	–	143 527
GAMING AND LEISURE				**1 327 116**	**(204 000)**	**1 123 116**
OTHER INVESTMENTS				**159 000**	**(53 491)**	**105 509**
GPI Properties	Independent appraisal	159 000	100%	159 000	(53 491)	105 509

Value	1 903 630
Cash net of anticipated head office cost	22 943
iNAV	1 926 573
Issued shares	429 486
iNAV per share (cents)	**4.49**
Current share price	2.04
Discount	(55%)

PROSPECTS

The South African economy was already in recessionary decline prior to the national lockdown. COVID-19 and related lockdown restrictions have caused further decline with the 2nd quarter of 2020 recording a 16.5% decline, the worst decline recorded in almost a century. Despite the setbacks caused by COVID-19 GPI has made good progress on its value-unlock strategy and remains focused on delivering value to shareholders through a controlled sale of certain assets.

Management has made significant advances in reducing operational costs over the last two years, this continues to be a key area of focus particularly with the shift away from operationally intense investments. Management will continue to restructure and reduce costs over the next year to create an efficient head office structure and limit dividend leakage. Another area of focus over the next year is to implement and execute a remediation plan for the Mac Brothers business aimed at improving earnings and overall valuation of the business.

GPI's value unlock strategy is underpinned by its intrinsic net asset value which is estimated at R4.49 a share. The proposed BKSA sale is the first step in the process of unlocking value and represents over R1 per share in value. The Spur and Gaming investments will also be re-evaluated at an appropriate time. The successful implementation of the Group's strategy would unlock in the region of 50% in value based on the current trading price, which represents an attractive return for shareholders.

GRAND PARADE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2020 R'000	2019 R'000
Continuing operations			
Revenue	3.1	**1 312 326**	1 409 418
Cost of sales		**(709 005)**	(739 077)
Gross profit		**603 321**	670 341
Operating costs		**(561 601)**	(626 129)
Profit from operations		**41 720**	44 212
Profit from equity-accounted investments		**69 395**	132 021
Expected credit losses		**(2 906)**	2 400
Loss on sale of investment		**(9 050)**	–
Impairment of assets		**(10 799)**	(8 933)
Impairment of goodwill	6.1	**(38 598)**	–
Depreciation		**(95 016)**	(55 044)
Amortisation		**(6 814)**	(3 790)
(Loss)/profit before finance costs and taxation		**(52 068)**	110 866
Finance income		**5 343**	6 535
Finance costs		**(76 988)**	(59 430)
(Loss)/profit before taxation		**(123 713)**	57 971
Taxation		**11 903**	14 885
(Loss)/profit for the period from continuing operations		**(111 810)**	72 856
Discontinued operations			
Loss for the period from discontinued operations	4.1	**(14 697)**	(109 436)
Loss for the period		**(126 507)**	(36 580)
Other comprehensive loss			
Items that will not be reclassified subsequently to profit or loss		**(13 686)**	(75 882)
Realised fair value adjustments on investments held at fair value through OCI		**26 525**	–
Unrealised fair value adjustments on investments held at fair value through OCI		**(40 211)**	(75 882)
Total comprehensive loss for the period		**(140 193)**	(112 462)
(Loss)/profit for the period from continuing operations attributable to:			
– Ordinary shareholders		**(108 830)**	73 299
– Non-controlling interest		**(2 980)**	(443)
Loss for the period from discontinued operations attributable to:			
– Ordinary shareholders		**(14 697)**	(109 436)
– Non-controlling interest		**–**	–
		(126 507)	(36 580)
Total comprehensive loss from continuing operations attributable to:			
– Ordinary shareholders		**(122 516)**	(2 583)
– Non-controlling interest		**(2 980)**	(443)
Total comprehensive loss from discontinued operations attributable to:			
– Ordinary shareholders		**(14 697)**	(109 436)
– Non-controlling interest		**–**	–
		(140 193)	(112 462)
		Cents	**Cents**
Basic loss per share	2.5	**(28.93)**	(8.48)
Continuing operations	2.5	**(25.49)**	17.20
Discontinued operations	2.5	**(3.44)**	(25.68)
Diluted loss per share	2.5	**(28.92)**	(8.45)
Continuing operations	2.5	**(25.48)**	17.14
Discontinued operations	2.5	**(3.44)**	(25.59)

GRAND PARADE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Notes	2020 R'000	2019 R'000
ASSETS			
Non-current assets		**2 278 699**	2 070 370
Investments in jointly controlled entities		**612 911**	634 198
Investments in associates		**375 608**	382 092
Investments held at fair value through OCI		**143 527**	189 523
Goodwill	6.1	**55 104**	93 702
Investment properties		**7 599**	7 599
Property, plant and equipment		**566 263**	578 947
Intangible assets		**21 952**	29 215
Right-of-use assets		**318 192**	–
Deferred tax assets		**177 543**	155 094
Assets classified as held for sale	5	**43 959**	36 193
Current assets		**329 010**	577 462
Inventory		**64 313**	76 034
Related party receivable		**22 975**	21 467
Trade and other receivables		**122 576**	109 186
Investments held at fair value through OCI		**–**	228 868
Income tax receivable		**1 917**	7 920
Cash and cash equivalents		**117 229**	133 987
Total assets		**2 651 668**	2 684 025
EQUITY AND LIABILITIES			
Capital and reserves			
Total equity		**1 719 347**	1 881 937
Ordinary share capital		**798 586**	798 586
Treasury shares		**(153 962)**	(166 286)
Accumulated profit		**1 205 929**	1 401 781
Investments held at fair value reserve		**(132 120)**	(154 229)
Share-based payment reserve		**914**	2 085
Non-controlling interest		**(32 980)**	(30 000)
Total shareholders equity		**1 686 367**	1 851 937
Non-current liabilities		**575 165**	284 644
Preference shares		**183 696**	225 190
Interest-bearing borrowings		**16 703**	52 276
Finance lease liabilities		**–**	1 301
Lease liabilities		**364 682**	–
Provisions		**8 377**	634
Deferred tax liabilities		**1 707**	5 243
Current liabilities		**390 136**	547 444
Preference shares		**19 399**	265 361
Interest-bearing borrowings		**36 788**	7 500
Finance lease liabilities		**–**	8 723
Lease liabilities		**40 103**	–
Provisions		**7 719**	13 659
Trade and other payables		**178 824**	179 773
Dividends payable		**10 129**	10 405
Income tax payable		**888**	494
Bank overdraft		**96 286**	61 529
Total equity and liabilities		**2 651 668**	2 684 025

GRAND PARADE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary share capital R'000	Treasury shares R'000	Accumulated profits R'000	Financial asset fair value reserve R'000	Share-based payment reserve R'000	Non-controlling interest R'000	Total equity R'000
Balance at 30 June 2018	798 586	(166 286)	1 431 892	(78 347)	10 010	(29 557)	1 966 298
IFRS 9 transition adjustment	–	–	(864)	–	–	–	(864)
Total comprehensive income/(loss) for the year	–	–	(36 137)	(75 882)	–	(443)	(112 462)
– Profit/(loss) for the year from continuing operations	–	–	73 299	–	–	(443)	72 856
– Loss for the year from discontinued operations	–	–	(109 436)	–	–	–	(109 436)
– Other comprehensive loss	–	–	–	(75 882)	–	–	(75 882)
Share-based payment reserve expense	–	–	–	–	489	–	489
Share options lapsed	–	–	6 890	–	(8 414)	–	(1 524)
Balance at 30 June 2019	**798 586**	**(166 286)**	**1 401 781**	**(154 229)**	**2 085**	**(30 000)**	**1 851 937**
IFRS 16 transition adjustment	–	–	(33 879)	–	–	–	(33 879)
Total comprehensive income/(loss) for the year	–	–	(123 527)	(13 686)	–	(2 980)	(140 193)
– Loss for the year from continuing operations	–	–	(108 830)	–	–	(2 980)	(111 810)
– Loss for the year from discontinued operations	–	–	(14 697)	–	–	–	(14 697)
– Other comprehensive loss	–	–	–	(13 686)	–	–	(13 686)
Treasury shares allocated to employees	–	12 324	(4 464)	–	(1 791)	–	6 069
Share-based payment reserve expense	–	–	–	–	2 433	–	2 433
Share options lapsed	–	–	1 813	–	(1 813)	–	–
Disposal of Atlas Gaming Holdings	–	–	(1 493)	1 493	–	–	–
Disposal of Spur	–	–	(34 302)	34 302	–	–	–
Balance at 30 June 2020	**798 586**	**(153 962)**	**1 205 929**	**(132 120)**	**914**	**(32 980)**	**1 686 367**

GRAND PARADE INVESTMENTS LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	2020 R'000	2019 R'000
Cash flows from operating activities		
Net cash generated from operations	**40 933**	22 167
Income tax received/(paid)	**5 511**	(1 425)
Finance income received	**5 375**	6 635
Net cash inflow from operating activities	**51 819**	27 377
Cash flows from investing activities		
Acquisition of property, plant and equipment (excluding land and buildings)	**(85 671)**	(98 268)
Acquisition of investment properties	**–**	(585)
Acquisition of intangibles	**(6 380)**	(4 881)
Investments made	**–**	(7 164)
Disposal of subsidiary	**(1 231)**	–
Proceeds from disposal of property, plant and equipment and intangible assets	**3 670**	4 020
Proceeds from disposal of non-current assets-held-for-sale	**3 847**	–
Consideration received from the disposal of investments	**260 354**	–
Dividends received	**112 922**	140 585
Net cash inflow from investing activities	**287 511**	33 707
Cash flows from financing activities		
Dividends paid	**(276)**	(11)
Proceeds from employees on settlement of share awards	**6 069**	
Preference share redemption	**(228 338)**	(32 000)
Repayment of interest-bearing loans	**(7 500)**	(7 365)
Repayment of finance leases	**–**	(14 996)
Repayment of lease liabilities	**(29 207)**	–
Finance costs	**(131 593)**	(44 938)
Net cash outflow from financing activities	**(390 845)**	(99 310)
Net decrease in cash and cash equivalents	**(51 515)**	(38 226)
Cash and cash equivalents at the beginning of the year	**72 458**	110 684
Total cash and cash equivalents at the end of the year	**20 943**	72 458
Total cash and cash equivalents at year-end comprises:	**20 943**	72 458
Cash and cash equivalents	**117 229**	133 987
Bank overdraft	**(96 286)**	(61 529)

1. ACCOUNTING POLICIES

1.1 *Basis of preparation of financial results*

The summarised audited financial statements for the period ended 30 June 2020 are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act of South Africa in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), 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 summarised financial statements do not include all the information required by IFRS for full financial statements and should be read in conjunction with the 2020 audited Group annual financial statements. The accounting policies applied in the preparation of the audited Group annual financial statements, from which the summarised financial statements were derived, are in terms of IFRS and are consistent with the accounting policies applied in the preparation of previous audited Group financial statements except where the Group has applied new accounting policies or adopted new standards effective for annual reporting periods beginning on or after 1 July 2019. The Group has not early adopted any standard, interpretation or amendments that has been issued but is not yet effective. During the period, various new and revised accounting standards became effective, however, their implementation had no impact on the results of either the current or prior year except as indicated in Note 1.2.

These summarised financial statements are not audited but are extracted from audited information. The audited Group annual financial statements were audited by Ernst & Young Inc., who expressed an unmodified opinion thereon. The audited Group annual financial statements and the auditor's report thereon is available for inspection on the Company's website and at the Company's registered office. The directors take full responsibility for the preparation of these summarised financial statements and the financial information has been correctly extracted from the underlying audited Group annual financial statements. These summarised financial statements have been prepared under the supervision of the Chief Financial Officer, Jayson October.

1.2 *Changes in accounting policies*

The Group has adopted all the new, revised and amended accounting standards which were effective for the Group from 1 July 2019. The adoption of significant new standards' impact on the Group's financial results or position are presented below:

1.2.1 IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where the Group is the lessor.

1. ACCOUNTING POLICIES (continued)

1.2 *Changes in accounting policies (continued)*

1.2.1 IFRS 16 Leases (continued)

The Group adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The Group has lease contracts for various items of property, equipment and motor vehicles. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17). The requirements of IFRS 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
- COVID-19 rent concessions relief for lessees from lease modification accounting

1. ACCOUNTING POLICIES (continued)

1.2 *Changes in accounting policies (continued)*

1.2.2 Transition effects on the Statement of Financial Position:

The adoption of IFRS 16 has had a material impact on both the Statement of Financial position as set out below:

	30 June 2019 R'000	Transition adjustment R'000	1 July 2019 R'000
Assets			
Property, Plant and Equipment	578 947	(26 062)	552 885
Right-of-use assets	–	333 804	333 804
Deferred tax	155 094	13 202	168 296
Trade and other receivables	109 186	(2 345)	106 841
Equity and liabilities			
Capital and reserves			
Accumulated profit	1 401 781	(33 879)	1 367 902
Liabilities			
Lease liability	–	401 195	401 195
Finance leases	10 024	(10 024)	–
Trade and other payables	179 773	(38 693)	141 080

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	R'000
Operating lease commitments as at 30 June 2019	477 233
Weighted average incremental borrowing rate as at 1 July 2019	9.5%
Discounted operating lease commitments as at 1 July 2019	332 994
Less:	
Non-lease components and short-term leases	(4 810)
Add:	
Lease terms forming part of IFRS 16 lease liability but was excluded from prior year commitments	62 987
Commitments relating to leases previously classified as finance leases commitments as at 30 June 2019	10 024
Lease liabilities as at 1 July 2019	401 195

2. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary equity holders of the Company by the Weighted Average Number of Ordinary Shares (WANOS) in issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit for the year attributable to ordinary shareholders by the diluted WANOS in issue.

Headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the WANOS in issue for the year.

Diluted headline earnings per share amounts are calculated by dividing the headline earnings for the year attributable to ordinary shareholders by the diluted WANOS in issue for the year.

	2020 R'000 Gross	2020 R'000 Net	2019 R'000 Gross	2019 R'000 Net
2.1 *Reconciliation of the loss for the year attributable to ordinary shareholders*				
Basic and diluted (loss)/earnings per share reconciliation				
Loss profit for the year		**(126 507)**		(36 580)
– Continuing operations		**(111 810)**		72 856
– Discontinued operations		**(14 697)**		(109 436)
Non-controlling interest		**2 980**		443
Loss for the year attributable to ordinary shareholders		**(123 527)**		(36 137)

No adjustments have been made to basic earnings in the calculation of diluted earnings.

2. BASIC AND DILUTED EARNINGS PER SHARE (continued)

	2020 R'000 Gross	2020 R'000 Net	2019 R'000 Gross	2019 R'000 Net
2.2 *Reconciliation of headline (loss)/earnings for the year*				
Loss for the year attributable to ordinary shareholders		**(123 527)**		(36 137)
Continuing operations:				
Profit on sale of investments	**9 050**	**9 050**		–
Impairment of goodwill	**38 598**	**38 598**		–
Impairment of right-of-use assets	**7 213**	**5 870**		
Impairment of intangible assets	**105**	**76**		
Impairment of property, plant and equipment	**3 481**	**2 283**	8 933	8 138
Profit on disposal of property, plant, equipment and intangibles	**(1 722)**	**(1 305)**	–	–
Adjustments by equity-accounted investments	**(611)**	**(440)**	158	114
(Profit)/Loss on disposal of plant and equipment	**(611)**	**(440)**	158	114
Discontinued operations:				
Impairment of assets held for sale	**7 734**	**7 734**	65 872	65 872
Total Headline (loss)/profit		**(61 661)**		37 987
Total Headline (loss)/profit				
– Continuing operations		**(54 698)**		81 551
– Discontinued operations		**(6 963)**		(43 564)
		(61 661)		37 987

	2020 '000	2019 '000
2.3 *Reconciliation of WANOS – net of treasury shares*		
Shares in issue at beginning of the year	**426 223**	426 223
Treasury shares issued to employees	**697**	–
	426 920	426 223
2.4 *Reconciliation of diluted WANOS – net of treasury shares*		
WANOS in issue – net of treasury shares	**426 920**	426 223
Effects of dilution from:		
Share options	**154**	1 435
Diluted WANOS in issue – net of treasury shares	**427 074**	427 658

	2020 Cents	2019 Cents
2.5 *Statistics*		
Basic loss per share	**(28.93)**	(8.48)
– Continuing operations	**(25.49)**	17.20
– Discontinued operations	**(3.44)**	(25.68)
Diluted loss per share	**(28.92)**	(8.45)
– Continuing operations	**(25.48)**	17.14
– Discontinued operations	**(3.44)**	(25.59)
Headline (loss)/profit per share	**(14.44)**	8.91
– Continuing operations	**(12.81)**	19.13
– Discontinued operations	**(1.63)**	(10.22)
Diluted headline (loss)/profit per share	**(14.44)**	8.88
– Continuing operations	**(12.81)**	19.07
– Discontinued operations	**(1.63)**	(10.19)

3. REVENUE

	2020 R'000	2019 R'000
3.1 *Disaggregation of revenue*		
Revenue from transactions with customers		
Food sales	**1 010 457**	1 015 356
Meat sales	**141 945**	152 791
Equipment sales	**124 040**	196 633
	1 276 442	1 364 780
Other revenue		
Dividends received	**14 086**	23 734
Other income*	**21 613**	20 819
Rental income	**185**	85
	35 884	44 638
Total Revenue		
Revenue from contracts with customers	**1 276 442**	1 364 780
Other revenue	**35 884**	44 638
	1 312 326	1 409 418

** Other income includes SETA income and Youth wage subsidy.*

4. OPERATIONS DISCONTINUED

In the prior year the board decided to liquidate two of the subsidiaries in the Group, Grand Coffee House (operating as Dunkin' Donuts) and Grand Ice Cream (operating as Baskin-Robbins), and cease operations and dispose of the bakery. The liquidation order was filed in February 2019 and all the stores were closed down on 29 February 2019.

The results of discontinued operations are presented below:

	2020 R'000	2019 R'000
4.1 Results of discontinued operations		
Revenue	–	22 687
Cost of Sales	–	(19 152)
Gross Profit	–	3 535
Operating costs	**(6 995)**	(38 331)
Loss from operations	**(6 995)**	(34 796)
Impairment of land and buildings	–	(10 500)
Impairment of property, plant, equipment	–	(38 771)
Impairment of intangible assets	–	(16 601)
Impairment of assets held-for-sale	**(7 734)**	–
Depreciation	–	(5 080)
Amortisation	–	(3 830)
Loss before finance costs and taxation	**(14 729)**	(109 578)
Finance income	**32**	100
Finance costs	–	(49)
Loss before taxation	**(14 697)**	(109 527)
Taxation	–	91
Loss for the period	**(14 697)**	(109 436)
4.2 Cash flows from/(used in) discontinued operations		
Net cash used in operating activity	**(3 920)**	(41 341)
Net cash generated from/(used in) investing activity	**3 847**	(946)
Net cash (used in)/generated from financing activity	–	(447)
Net cash flow for the year	**(73)**	(42 734)

The Group signed a binding offer to sell all the Group's shares in Burger King and Grand Foods Meat Plant to ECP Africa Fund IV LLC. The sale is subject to shareholder approval and certain conditions precedent. Having signed a binding offer to sell makes the sale probable, however, the shareholder approval and other conditions precedent keeps the sale from being highly probable and as such neither Burger King or Grand Foods Meat Plant has been classified as held for sale as it does not meet the criteria. Neither one of the investments been disposed of at year-end and neither are classified as held for sale and are therefore not disclosed as discontinued operations for the year ended 30 June 2020.

5. THE ASSETS INCLUDED IN NON-CURRENT ASSETS HELD-FOR-SALE ARE AS FOLLOWS:

	2020 R'000	2019 R'000
Non-current assets		
Land and buildings	**38 009**	26 395
Property, plant and equipment	**5 950**	9 798
	43 959	36 193
5.1.1 Reconciliation of land and buildings		
Opening balance – 1 July [1]	**26 395**	–
Transfers from property, plant and equipment [2]	**18 909**	26 395
Impairment [3]	**(7 295)**	–
Closing balance – 30 June	**38 009**	26 395
5.1.2 Reconciliation of property, plant and equipment		
Opening balance – 1 July	**9 798**	–
Transfers from property, plant and equipment [4]	**–**	9 798
Disposals [5]	**(3 409)**	–
Impairment [6]	**(439)**	–
Closing balance – 30 June [1]	**5 950**	9 798
Impairment reflected above is made up of:		
– Continuing operations	**(7 295)**	–
– Discontinued operations	**(439)**	–
	(7 734)	–
5.2.3 Impairment of non-current assets-held-for-sale		
Land and buildings	**(7 295)**	–
Property, plant and equipment	**(439)**	–
	(7 734)	–

[1] The building and the property, plant and equipment that was previously used by Grand Bakery to produce the doughnuts for Dunkin' Donuts was transferred to non-current assets held-for-sale when it met the requirements in the prior year, management was unable to negotiate a suitable consideration for the building, in part as a result of the limited commercial activity during lockdown, and as such the sale of the building has not been concluded at 30 June 2020. Management remains committed to selling the building and is currently in negotiations with interested parties and thus the building remains classified as held-for- sale despite the sale not being concluded within 12 months of its initial classification as held-for-sale. Management expects the sale to be concluded within 12 months of 30 June 2020. The building is carried at fair value as determined by an independant valuer.

[2] The Group signed a sales agreement in June 2020 for the sale of the Group's N1 City building, this asset forms part of the group cost segment, GPI Properties. Once the transfers at the Deed's office is complete the sales transaction will be concluded, this is expected to occur within 12 months after year end. The building is valued at fair value which is the selling price less costs to sell.

[3] The impairment relates to the Bakery building which was impaired to align the carrying value to the valuation of the property on 30 June 2020.

[4] The property, plant and equipment that was transferred in the prior year relate to the assets of Dunkin' Donuts and Baskin-Robbins, due to the liquidation of the companies and the assets of Grand Bakery, as the property, plant and equipment is expected to be sold together with the building.

[5] Dunkin' Donuts and Baskin-Robbins's property, plant and equipment was auctioned off on 22 August 2019 and sold for R2.5 million and R1.3 million respectively.

[6] The impairment relates to the property, plant and equipment of Dunkin' Donuts and Baskin-Robbins before it was auctioned on 22 August 2019.

6. GOODWILL

6.1 *Reconciliation of goodwill*

	Grand Foods Meat Plant R'000	Mac Brothers R'000	Disa Road R'000	Total R'000
2020				
Cost	**53 910**	**38 598**	**1 194**	**93 702**
Accumulated impairment	**–**	**–**	**–**	**–**
Carrying value at 1 July 2019	**53 910**	**38 598**	**1 194**	**93 702**
Impairment [1]	**–**	**(38 598)**	**–**	**(38 598)**
Carrying value at 30 June 2020	**53 910**	**–**	**1 194**	**55 104**
Made up of:				
Cost	**53 910**	**–**	**1 194**	**55 104**
Accumulated impairment	**–**	**–**	**–**	**–**
2019				
Cost	53 910	38 598	–	92 508
Accumulated impairment	–	–	–	–
Carrying value at 1 July 2018	53 910	38 598	–	92 508
Acquisition of investment [2]	–	–	1 194	1 194
Carrying value at 30 June 2019	53 910	38 598	1 194	93 702
Made up of:				
Cost	53 910	38 598	1 194	93 702
Accumulated impairment	–	–	–	–

[1] *Refer to Note 6.2 for details regarding the impairment.*

[2] *Burger King purchased a store from a franchisee on 1 February 2019. The store was purchased for a total consideration of R7.1 million, with identifiable assets of R5.9 million resulting in a Goodwill of R1.2 million.*

6.2 *Goodwill impairment testing*

An annual impairment test is performed to assess whether goodwill has been impaired. Goodwill has been allocated for impairment testing purposes to individual cash-generating units (CGUs). The recoverable amount of every CGU has been determined based on a value-in-use calculation using five year cash flow projections approved by the senior management of each CGU.

6.2.1 *Mac Brothers*

The annual impairment test was performed on the CGUs and it was determined that the recoverable amounts were lower than the carrying amounts and therefore an impairment loss has been recognised.

Mac Brothers was significantly affected by the decline in the construction and manufacturing industries as well the high operating leverage in the business in the first half of the year, the decline in the construction and manufacturing sectors was further exacerbated by a complete shutdown of the business during the months of April and May due to the national COVID-19 lockdown.

Revenue of R131.5 million for the year ended 30 June 2020 was R92.1 million (41%) lower than reported in the prior period. EBITDA, a loss of R26.2 million for the year ended 30 June 2020 was R33.2 million (474%) lower than reported in the prior period.

The recoverable amount of the investment was determined to be the value-in-use (VIU) which was higher than fair value less cost to sell of the business.

	2020 R'000	2019 R'000s
Impairment calculation:		
Carrying value of investment	79 291	77 304
Recoverable amount (VIU)	37 383	79 355
Impairment	(41 908)	2 051
The impairment has been allocated as follows:		
Goodwill	(38 598)	–
Right-of-use assets: Property	(3 310)	–
	(41 908)	–

The Group used the following inputs to calculate the recoverable amount, pre-tax WACC of 19.85% and EBITDA growth of 24%.

6.2.2 *Grand Foods Meat Plant*

The annual impairment test was performed on the CGU and it was determined that the value-in-use amount was higher than the carrying amount and therefore no impairment loss has been recognised. Subsequent to year end, the Group signed a binding offer to sell all the Group's shares in Burger King (95.36%) and Grand Foods Meat Plant (100%) to ECP Africa Fund IV LLC. The sale is subject to shareholder approval and certain conditions precedent. The consideration for Grand Foods Meat Plant per the binding offer is R23.0 million less debt. Sale at this value would result in full impairment of the goodwill balance of R53.9 million.

7. EMPLOYEE BENEFITS

7.1 *Directors' emoluments*

	Salary R'000	Long-term benefits[1] R'000	Bonuses R'000	Severance pay R'000	Directors fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2020												
Executive directors												
M Tajbhai	1 711	212	1 700	–	–	–	–	–	–	3 623	–	452
C Priem[2]	1 141	146	1 500	733	–	–	–	–	–	3 520	–	938
J October[3]	305	14	–	–	–	–	–	–	–	319	–	–
Sub-total	3 157	372	3 200	733	–	–	–	–	–	7 462	–	1 390
Non-executive directors												
H Adams[4]	–	–	–	–	338	–	7	20	7	372	–	1 043
A Abercrombie[5]	–	–	–	–	298	–	87	79	80	544	–	–
W Geach	–	–	–	–	298	150	13	–	7	468	–	–
M Bowman	–	–	–	–	250	70	127	63	–	510	–	–
R van Dijk	–	–	–	–	261	84	–	–	–	345	–	–
K Pillay[6]	–	–	–	–	92	25	–	–	–	117	–	–
M Nkosi[7]	–	–	–	–	155	–	59	87	–	301	–	–
R Kader[8]					130	–	56	–	38	224	–	–
Sub-total	–	–	–	–	1 822	329	349	249	132	2 881	–	1 043
Total	3 157	372	3 200	733	1 822	329	349	249	132	10 343	–	2 433

[1] *Long-term benefits relate to defined retirement contributions.*

[2] *C Priem resigned as executive director and financial director on 31 March 2020, emoluments are for nine months.*

[3] *J October was appointed financial director on 1 April 2020, emoluments are for three months.*

[4] *H Adams resigned as executive director on 30 June 2019 and was appointed non-executive director and chairman on 1 July 2019 and resigned as chairman and non-executive director on 31 January 2020.*

[5] *A Abercrombie was appointed chairman on 1 February 2020.*

[6] *K Pillay resigned as non-executive director on 21 November 2019.*

[7] *M Nkosi was appointed non-executive director on 3 December 2019.*

[8] *R Kader was appointed non-executive director on 1 February 2020.*

7. EMPLOYEE BENEFITS (continued)

7.2 *Directors' emoluments (continued)*

	Salary R'000	Short-term benefits[1] R'000	Long-term benefits[2] R'000	Bonuses R'000	Severance pay R'000	Directors fees R'000	Audit and risk committee R'000	Remuneration and nomination committee R'000	Investment committee R'000	Social and ethics committee R'000	Total Remuneration R'000	Loans advanced R'000	Share-based payment expense R'000
2019													
Executive directors													
H Adams [10]	4 418	1 365	–	3 034	5 955	–	–	–	–	–	14 772	–	366
P Moodley [3]	1 282	–	190	–	–	–	–	–	–	–	1 472	–	–
M Tajbhai [4]	961	–	123	–	–	–	–	–	–	–	1 084	–	59
C Priem [5]	1 319	–	196	–	–	–	–	–	–	–	1 515	–	64
Sub-total	**7 980**	**1 365**	**509**	**3 034**	**5 955**	**–**	**–**	**–**	**–**	**–**	**18 843**	**–**	**489**
Non-executive directors													
A Abercrombie	–	–	–	–	–	256	–	64	10	80	410	–	–
W Geach [11]	–	–	–	–	–	246	147	–	–	20	413	–	–
R Hargey [6]	–	–	–	–	–	123	41	30	–	–	194	–	–
N Maharaj [7]	–	–	–	–	–	253	63	73	–	36	425	–	–
N Mlambo [8]	–	–	–	–	–	123	–	30	–	–	153	–	–
M Bowman [9]	–	–	–	–	–	115	–	29	–	–	144	–	–
R van Dijk [9]						123	41	–	–	–	164	–	–
Sub-total	**–**	**–**	**–**	**–**	**–**	**1 239**	**292**	**226**	**10**	**136**	**1 903**	**–**	**–**
Total	**7 980**	**1 365**	**509**	**3 034**	**5 955**	**1 239**	**292**	**226**	**10**	**136**	**20 746**	**–**	**489**

[1] Short-term benefits include medical aid contributions, allowances and fringe benefit tax on interest-free loans.

[2] Long-term benefits relate to defined retirement contributions.

[3] P Moodley was appointed on 1 August 2018 and resigned as chief executive officer and executive director on 7 December 2018.

[4] M Tajbhai was appointed as executive director on 28 November 2018. Director's emoluments are for seven months.

[5] C Priem was appointed as chief financial officer at 1 July 2018.

[6] R Hargey was removed as non-executive director on 5 December 2018.

[7] N Maharaj resigned as non-executive director on 30 April 2019.

[8] N Mlambo was removed as non-executive director on 5 December 2018.

[9] M Bowman and R van Dijk were appointed as non-executive directors on 5 December 2018.

[10] Non-executive chairman from 1 July 2019.

[11] Lead independent from 9 September 2019.

8. SEGMENT ANALYSIS

The chief decision makers are considered to be the members of the GPI Executive Committee, who review the Group's internal reporting firstly by industry and secondly by significant business unit. The chief decision makers do not review the Group's performance by geographical sector and therefore no such disclosure has been made. Listed below is a detailed segment analysis:

	External revenue		Inter-segment revenue [1]		Cost of sales		Operating costs [2]		Equity accounted earnings		EBITDA [3]		Impairments of assets and goodwill		Depreciation and amortisation		Finance income		Finance costs		Net profit/(loss) after tax		Total assets		Total liabilities	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000	2020 R'000	2019 R'000
Food	**1 310 908**	1 431 708	**7 506**	28 303	**(709 005)**	(758 229)	**(521 552)**	(626 244)	**–**	–	**80 351**	49 637	**(57 060)**	(74 805)	**(99 932)**	(66 546)	**1 150**	1 518	**(53 939)**	(31 518)	**(121 154)**	(107 652)	**1 402 836**	1 289 002	**(751 113)**	(563 420)
Burger King	**1 028 976**	1 034 179	**–**	119	**(482 375)**	(467 901)	**(449 650)**	(512 233)	**–**	–	**96 951**	53 673	**(7 418)**	(8 933)	**(88 781)**	(52 282)	**1 039**	988	**(40 695)**	(5 158)	**(29 549)**	3 720	**1 065 000**	690 707	**(610 245)**	(213 453)
Mac Brothers	**125 605**	198 059	**7 506**	26 933	**(97 547)**	(136 833)	**(53 019)**	(59 969)	**–**	–	**(24 961)**	4 029	**(41 908)**	–	**(7 960)**	(2 490)	**–**	–	**(6 020)**	(1 656)	**(83 168)**	(1 494)	**127 844**	111 243	**(112 726)**	(62 543)
Spur	**14 086**	23 734	**–**	–	**–**	–	**(212)**	(295)	**–**	–	**13 874**	23 439	**–**	–	**–**	–	**26**	64	**(6 780)**	(22 974)	**7 106**	512	**143 648**	413 051	**(109)**	(260 384)
Grand Food Meat Plant	**142 241**	153 049	**–**	–	**(129 083)**	(134 343)	**(11 674)**	(15 328)	**–**	–	**1 484**	3 377	**–**	–	**(3 191)**	(3 659)	**52**	366	**(443)**	(1 680)	**(846)**	(1 595)	**55 537**	57 160	**(25 398)**	(25 374)
Dunkin' Donuts	**–**	15 849	**–**	–	**–**	(11 947)	**(3 567)**	(23 975)	**–**	–	**(3 567)**	(20 072)	**(498)**	(39 389)	**–**	(4 780)	**18**	49	**(1)**	(49)	**(4 047)**	(64 263)	**4 379**	6 635	**(1 501)**	(110)
Baskin-Robbins	**–**	6 838	**–**	–	**–**	(7 205)	**(1 701)**	(8 055)	**–**	–	**(1 701)**	(8 421)	**59**	(15 551)	**–**	(2 770)	**15**	48	**–**	(1)	**(1 627)**	(26 650)	**474**	2 072	**(537)**	(507)
Bakery	**–**	–	**–**	1 251	**–**	–	**(1 729)**	(6 389)	**–**	–	**(1 728)**	(6 388)	**(7 295)**	(10 932)	**–**	(565)	**–**	3	**–**	–	**(9 023)**	(17 882)	**5 954**	8 134	**(597)**	(1 049)
Gaming and leisure	**–**	–	**–**	–	**–**	–	**–**	–	**69 395**	132 021	**69 395**	134 133	**–**	–	**–**	–	**–**	–	**–**	–	**69 395**	132 021	**988 519**	1 016 290	**–**	–
SunWest	**–**	–	**–**	–	**–**	–	**–**	–	**39 869**	74 750	**39 869**	74 750	**–**	–	**–**	–	**–**	–	**–**	–	**39 869**	74 750	**612 911**	634 198	**–**	–
Sun Slots	**–**	–	**–**	–	**–**	–	**–**	–	**31 255**	55 159	**31 255**	55 159	**–**	–	**–**	–	**–**	–	**–**	–	**31 255**	55 159	**352 095**	353 839	**–**	–
Worcester Casino	**–**	–	**–**	–	**–**	–	**–**	–	**(90)**	2 112	**(90)**	2 112	**–**	–	**–**	–	**–**	–	**–**	–	**(90)**	2 112	**23 482**	28 253	**–**	–
Infinity Gaming Africa	**–**	–	**–**	–	**–**	–	**–**	–	**(1 639)**	–	**(1 639)**	2 112	**–**	–	**–**	–	**–**	–	**–**	–	**(1 639)**	–	**31**	–	**–**	–
Group costs	**1 418**	397	**58 414**	92 765	**–**	–	**(47 044)**	(38 216)	**–**	–	**(45 626)**	(37 819)	**(70)**	–	**(1 898)**	(1 198)	**4 225**	5 117	**(23 049)**	(27 961)	**(74 748)**	(60 949)	**260 313**	378 733	**214 188**	(268 668)
GPI Properties	**316**	306	**17 482**	22 081	**–**	–	**1 248**	6 171	**–**	–	**1 564**	6 477	**(35)**	–	**(1 395)**	(1 171)	**96**	65	**(5 537)**	(6 516)	**(2 290)**	(229)	**169 933**	178 111	**(77 917)**	(75 468)
Central costs [4]	**1 102**	91	**40 932**	70 684	**–**	–	**(48 292)**	(44 387)	**–**	–	**(47 190)**	(44 296)	**(36)**	–	**(503)**	(27)	**4 129**	5 052	**(17 512)**	(21 445)	**(72 458)**	(60 720)	**90 380**	200 622	**(136 271)**	(193 200)
	1 312 326	1 432 105	**65 920**	121 068	**(709 005)**	(758 229)	**(568 596)**	(664 460)	**69 395**	132 021	**104 120**	145 951	**(57 131)**	(74 805)	**(101 830)**	(67 744)	**5 375**	6 635	**(76 988)**	(59 479)	**(126 507)**	(36 580)	**2 651 668**	2 684 025	**(965 301)**	(832 088)

[1] Transactions between segments are concluded at arm's length.

[2] Certain costs are presented pre-elimination of intergroup charges and therefore net profit is after these eliminations.

[3] EBITDA excludes inter-segment revenue, impairments and expected credit loses.

[4] Included in Central costs of 2019 is a R9.5 million impairment of the Leratadima receivable.

9. FINANCIAL INSTRUMENTS – DISCLOSURE

9.1 *Fair value of financial instruments*

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value and are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at 30 June, the Group held the following instruments measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2020				
Investments held at fair value – Spur [1]	**143 527**	**–**	**–**	**143 527**
Investments held at fair value – Atlas Gaming Holdings	**–**	**–**	**–**	**–**
Total	**143 527**	**–**	**–**	**143 527**
2019				
Investments held at fair value – Spur [1]	183 736	–	228 868	412 604
Investments held at fair value – Atlas Gaming Holdings		–	5 787	5 787
Total	183 736	–	234 655	418 391

	2020 R'000	2019 R'000
Current asset	**–**	228 868
Non-current asset	**143 527**	189 523
	143 527	418 391

The Group sold its Level 3 Spur shares as well as its shares in Atlas Gaming Holdings during the current year.

[1] ***Investments held at fair value – Spur***

	Level 1 R'000	Level 3 R'000	Total R'000
2020			
Opening balance – 1 July	**183 736**	**228 868**	**412 604**
Fair value adjustment	**(40 209)**	**31 484**	**(8 725)**
Disposal	**–**	**(260 352)**	**(260 352)**
Closing balance – 30 June	**143 527**	**–**	**143 527**
2019			
Opening balance – 1 July	217 529	270 957	488 486
Fair value adjustments	(33 793)	(42 089)	(75 882)
Closing balance – 30 June	183 736	228 868	412 604

10. CAPITAL COMMITMENTS

	2020 R'000	2019 R'000
Authorised but not contracted		
Property, plant and equipment	**67 500**	101 000

Capital commitments for the 2020 financial year relate mostly to the opening of new Burger King stores.

GRAND PARADE INVESTMENTS LIMITED
COMPANY INFORMATION

DIRECTORS

A Abercrombie (Non-executive Chairman) appointed Chair 1 February 2020
M Tajbhai (Chief Executive Officer) appointed CEO 1 July 2020
J October (Chief Financial Officer) appointed 1 April 2020
WD Geach (lead independent)
MJ Bowman
R van Dijk
M Nkosi appointed 3 December 2019
R Kader appointed 1 February 2020
K Pillay resigned 21 November 2020
C Priem resigned 31 March 2020
H Adams resigned 31 January 2020

BANKERS

The Standard Bank of South Africa Limited

NATURE OF BUSINESS

Investment Holding Company

SPONSORS

PSG Capital (Pty) Ltd
PO Box 7403, Stellenbosch, 7600

COMPANY SECRETARY

Statucor (Pty) Ltd
6th Floor, 119 – 123 Hertzog Boulevard,
Foreshore, Cape Town, 8001

REGISTERED OFFICE

10th Floor, 33 on Heerengracht,
Heerengracht Street, Cape Town, 8001

PUBLIC OFFICER

J October

REGISTRATION NUMBER

1997/003548/06

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
PO Box 61051, Marshalltown, 2107

DOMICILE AND COUNTRY OF INCORPORATION

South Africa

AUDITORS

Ernst & Young Inc.
PO Box 656, Cape Town, 8000

LISTING

JSE Limited
Sector: Financial Services
Grand Parade Investments Limited:
("GPI" or "the Company" or "the Group")
Registration number: 1997/003548/06
ISIN: ZAE000119814
Share code: GPL

ATTORNEYS

Cliffe Dekker Hofmeyr, PO Box 695,
Cape Town, 8000

PREPARER OF THE FINANCIAL STATEMENTS

The audited financial statements were prepared under supervision of Grand Parade Investments (GPI) Chief Financial Officer, J October.



GRAND PARADE

INVESTMENTS LIMITED