

TREMATON CAPITAL INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 1997/008691/06)
JSE code: TMT
ISIN: ZAE000013991
("Trematon" or "the company")

UNAUDITED INTERIM RESULTS
for the six months ended 28 February 2019

STATEMENT OF FINANCIAL POSITION

		Unaudited At 28 February 2019 R'000	Unaudited At 28 February 2018 R'000	Audited At 31 August 2018 R'000
ASSETS				
Non-current assets		2 049 736	2 056 743	2 094 953
Property, plant and equipment		206 445	126 694	150 490
Investment properties		1 659 311	1 700 118	1 702 317
Investments in joint ventures		28 193	94 892	94 848
Investments in associate entities		90 781	77 553	88 473
Loans receivable	5	62 873	52 950	55 412
Goodwill		-	1 085	-
Deferred tax asset		2 133	3 451	3 413
Current assets		238 486	200 549	200 403
Loans receivable		3 904	9 742	20 575
Trade and other receivables		21 594	14 271	19 406
Investments		8 360	9 606	10 603
Inventory		46 348	48 764	50 777
Current tax assets		-	2	-
Cash and cash equivalents		158 280	118 164	99 042
Non-current assets held for sale		-	-	2 354
Total assets		2 288 222	2 257 292	2 297 710
EQUITY AND LIABILITIES				
Equity		1 019 732	977 820	1 023 459
Share capital and share premium		282 010	294 824	293 497
Treasury shares		-	-	(137)
Fair value reserve		31 737	29 601	31 073
Share-based payments reserve		17 875	14 149	15 681
Foreign currency translation reserve		2 630	(1 153)	3 733
Accumulated profit		536 007	504 406	536 210
Total equity attributable to equity holders of the parent		870 259	841 827	880 057
Non-controlling interest		149 473	135 993	143 402
Non-current liabilities		1 190 702	1 083 987	1 196 477
Loans payable		1 089 761	983 382	1 096 960
Deferred tax liability		100 941	100 605	99 517
Current liabilities		77 788	195 485	77 774
Loans payable		2 842	152 507	15 075
Current tax payable		11 160	161	62
Trade and other payables		63 786	42 817	62 637
Total equity and liabilities		2 288 222	2 257 292	2 297 710
Net asset value per share (cents)		403	389	407

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Unaudited Six months ended 28 February 2019 R'000	Unaudited Six months ended 28 February 2018 R'000	Audited Year ended 31 August 2018 R'000
Revenue	Note 4	198 801	153 989	317 576
Realised loss on investments at fair value through profit or loss		(599)	(442)	(854)
Realised profit on sale of non-current assets		3 890	-	2 187
Realised loss on sale of joint venture		(2 624)	-	-
Total realised profit/(loss)		667	(442)	1 333
Fair value adjustment on investments at fair value through profit or loss		(4 893)	567	3 713
Fair value adjustment on investment properties		54	14 911	32 768
Impairment of loan		(5 821)	(2 371)	(2 666)
Total (loss)/profit from fair value adjustments		(10 660)	13 107	33 815
Other income		683	-	1 097
Employee benefits		(35 509)	(24 237)	(51 833)
Cost of property and land sold		(11 130)	(7 122)	(11 169)
Other operating expenses		(84 500)	(72 418)	(154 515)
Operating profit		58 352	62 877	136 304
Finance costs		(53 623)	(55 695)	(110 544)
Profit from equity accounted investments (net of tax)	5	15 273	19 393	25 383
Profit before income tax		20 002	26 575	51 143
Income tax		(14 135)	(1 761)	(792)
Profit for the period/year		5 867	24 814	50 351
Other comprehensive income				
Items that will not subsequently be reclassified to profit/(loss):				
Fair value gain on revaluation of property, plant and equipment		856	4 447	6 344
Tax effects on fair value adjustments		(192)	(996)	(1 421)
Items that are or may subsequently be reclassified to profit/(loss):				
Foreign currency translation differences on equity accounted investments		(1 103)	(1 016)	3 870
Other comprehensive income for the period/year		(439)	2 435	8 793
Total comprehensive income for the period/year		5 428	27 249	59 144
Profit attributable to:				
Equity holders of the parent		(203)	15 496	35 657
Non-controlling interest		6 070	9 318	14 694
		5 867	24 814	50 351
Total comprehensive income attributable to:				
Equity holders of the parent		(642)	17 931	44 450

Non-controlling interest	6 070	9 318	14 694
	5 428	27 249	59 144
Earnings per share			
Number of shares issued (thousands)	216 144	216 607	216 144
Weighted average number of shares (thousands)	216 144	216 785	216 641
Diluted weighted average number of shares (thousands)	236 677	235 208	236 083
Earnings per share (cents)	(0.1)	7.1	16.5
Diluted earnings per share (cents)	(0.1)	6.6	15.1

STATEMENT OF CHANGES IN EQUITY

	Share capital R'000	Share premium R'000	Treasury shares R'000	Total share capital R'000	Fair value reserve R'000
Balance at 1 September 2017	2 177	307 142	(1 107)	308 212	26 150
Total comprehensive income for the period	-	-	-	-	3 451
Profit for the period	-	-	-	-	-
Fair value gain on property, plant and equipment	-	-	-	-	4 447
Tax effects on revaluations	-	-	-	-	(996)
Share-based payment	-	-	-	-	-
Treasury shares cancelled	(15)	(4 174)	4 189	-	-
Treasury shares acquired	-	-	(3 082)	(3 082)	-
Foreign exchange movements on investment in associate	-	-	-	-	-
Ordinary shares issued	3	559	-	562	-
Capital distribution	-	(10 868)	-	(10 868)	-
Change in shareholding	-	-	-	-	-
Balance at 28 February 2018	2 165	292 659	-	294 824	29 601
Balance at 1 March 2018	2 165	292 659	-	294 824	29 601
Total comprehensive income for the period	-	-	-	-	1 472
Profit for the period	-	-	-	-	-
Fair value gain on property, plant and equipment	-	-	-	-	1 897
Tax effects on revaluations	-	-	-	-	(425)
Share-based payment	-	-	-	-	-
Settlement of share-based payment	-	-	-	-	-
Treasury shares cancelled	(4)	(1 324)	1 328	-	-
Treasury shares acquired	-	-	(1 464)	(1 464)	-
Foreign exchange movements on investment in associate	-	-	-	-	-
Change in shareholding	-	-	-	-	-
Balance at 31 August 2018	2 161	291 335	(136)	293 360	31 073
Balance at 1 September 2018	2 161	291 335	(136)	293 360	31 073
Total comprehensive income for the period	-	-	-	-	664
Profit for the period	-	-	-	-	-
Fair value gain on property, plant and equipment	-	-	-	-	856
Tax effects on revaluations	-	-	-	-	(192)
Share-based payment	-	-	-	-	-
Treasury shares cancelled	-	(136)	136	-	-
Foreign exchange movements on investment in associate	-	-	-	-	-
Capital distribution	-	(11 350)	-	(11 350)	-
Balance at 28 February 2019	2 161	279 849	-	282 010	31 737

	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Accumulated profit/(loss) R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 September 2017	11 826	(137)	504 254	850 305	104 025	954 330
Total comprehensive income for the period	-	-	15 496	18 947	9 318	28 265
Profit for the period	-	-	15 496	15 496	9 318	24 814
Fair value gain on property, plant and equipment	-	-	-	4 447	-	4 447
Tax effects on revaluations	-	-	-	(996)	-	(996)
Share-based payment	2 323	-	-	2 323	-	2 323
Treasury shares cancelled	-	-	-	-	-	-
Treasury shares acquired	-	-	-	(3 082)	-	(3 082)
Foreign exchange movements on investment in associate	-	(1 016)	-	(1 016)	-	(1 016)
Ordinary shares issued	-	-	-	562	-	562
Capital distribution	-	-	-	(10 868)	-	(10 868)
Change in shareholding	-	-	(15 344)	(15 344)	22 650	7 306
Balance at 28 February 2018	14 149	(1 153)	504 406	841 827	135 993	977 820
Balance at 1 March 2018	14 149	(1 153)	504 406	841 827	135 993	977 820
Total comprehensive income for the period	-	-	20 161	21 633	5 376	27 009
Profit for the period	-	-	20 161	20 161	5 376	25 537
Fair value gain on property, plant and equipment	-	-	-	1 897	-	1 897
Tax effects on revaluations	-	-	-	(425)	-	(425)
Share-based payment	1 654	-	-	1 654	-	1 654
Settlement of share-based payment	(122)	-	-	(122)	-	(122)
Treasury shares cancelled	-	-	-	-	-	-
Treasury shares acquired	-	-	-	(1 464)	-	(1 464)
Foreign exchange movements on investment in associate	-	4 886	-	4 886	-	4 886
Change in shareholding	-	-	11 643	11 643	2 034	13 677
Balance at 31 August 2018	15 681	3 733	536 210	880 057	143 403	1 023 460
Balance at 1 September 2018	15 681	3 733	536 210	880 057	143 403	1 023 460
Total comprehensive income for the period	-	-	(203)	461	6 070	6 531
Profit for the period	-	-	(203)	(203)	6 070	5 867
Fair value gain on property, plant and equipment	-	-	-	856	-	856
Tax effects on revaluations	-	-	-	(192)	-	(192)
Share-based payment	2 194	-	-	2 194	-	2 194
Treasury shares cancelled	-	-	-	-	-	-
Foreign exchange movements on investment in associate	-	(1 103)	-	(1 103)	-	(1 103)
Capital distribution	-	-	-	(11 350)	-	(11 350)

Balance at 28 February 2019 17 875 2 630 536 007 870 259 149 473 1 019 732

STATEMENT OF CASH FLOW

	Unaudited Six months ended 28 February 2019 R'000	Unaudited Six months ended 28 February 2018 R'000	Audited Year ended 31 August 2018 R'000
Cash flows from operating activities			
Cash generated in operations	62 089	41 847	104 579
Finance income	4 902	6 411	8 989
Dividends received	-	820	3 625
Dividends received from associate	-	-	3 500
Finance costs	(52 647)	(55 695)	(106 918)
Tax paid	(525)	(670)	(846)
Net cash from operating activities	13 819	(7 287)	12 928
Cash flows from investing activities			
Acquisition of and addition to property, plant and equipment	(61 047)	(34 801)	(56 453)
Acquisition of and addition to investment property	(5 413)	(19 253)	(43 097)
Proceeds on disposal of non-current assets/investment property	48 505	19 375	27 273
Proceeds on disposal of joint venture	7 989	-	-
Loans receivable advanced	(3 954)	-	-
Loan advanced to joint ventures and associates	(8 345)	(4 559)	(6 589)
Loans repaid by joint ventures and associates	20 924	1 000	3 530
Distributions received from joint venture	63 805	-	-
Acquisition of subsidiary	-	(192)	-
Acquisition of investments at fair value through profit or loss	-	-	(2 805)
Proceeds from disposal of investments	-	-	4 543
Net cash from investing activities	62 464	(38 430)	(73 598)
Cash flows from financing activities			
Ordinary shares issued	-	562	562
Acquisition of treasury shares	-	(4 189)	(4 547)
Capital distribution	(11 350)	(10 868)	(10 868)
Decrease in borrowings	(31 447)	(21 706)	(110 543)
Increase in borrowings	25 752	30 150	115 176
Net cash from financing activities	(17 045)	(6 051)	(10 219)
Net increase/(decrease) in cash and cash equivalents	59 238	(51 768)	(70 889)
Cash and cash equivalents at the beginning of the period/year	99 042	169 932	169 931
Total cash and cash equivalents at the end of the period/year	158 280	118 164	99 042

NOTES

1. PRESENTATION OF CONSOLIDATED RESULTS

Trematon Capital Investments Limited (the "company") is a company domiciled in South Africa. The unaudited interim consolidated results of the company for the period ended 28 February 2019 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in joint ventures and associates.

The unaudited interim consolidated results have been prepared in accordance with and containing information required by IAS 34 - Interim Financial Reporting, as well as the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the Companies Act 2008 (Act No. 71 of 2008) of South Africa ("Companies Act"). The unaudited interim consolidated results have been prepared using accounting policies and methods of computation that are in terms of IFRS and which are consistent with those of the previous annual financial statements. The unaudited interim consolidated results have not been audited or reviewed by the company's auditors.

The unaudited interim consolidated results have been prepared on the going concern basis using a combination of the historical cost and fair value bases of accounting.

The unaudited interim consolidated results are stated in Rands, which is the group's functional and presentation currency.

In preparing the unaudited interim consolidated results management is required to make estimates and assumptions that affect the amounts represented in the unaudited interim consolidated results and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the unaudited interim consolidated results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

2. INTERNATIONAL REPORTING STANDARDS ADOPTED DURING THE YEAR

IFRS 9 - Financial Instruments

The adoption of IFRS 9 has not resulted in any significant reclassification of financial assets between amortised cost, fair value through profit or loss and fair value through other comprehensive income. The group's business model for its non-equity financial assets within the scope of IFRS 9 is "hold to collect". All the group's significant investments in equity instruments have been classified at fair value through profit or loss. The impact of the adoption of the expected credit loss model has also not had a material impact on the group's interim results.

IFRS 15 - Revenue from Contracts with Customers

The adoption of IFRS 15 has not had a material impact on the group's results. It continues to recognise service revenue (such as administration fees and school fees) over time, as the services are performed. Revenue on the sale of property and land is recognised upon transfer, which is when control passes to the customer. The adoption of the standard has resulted in additional disclosure.

3. HEADLINE EARNINGS PER SHARE RECONCILIATION

	Unaudited Six months ended 28 February 2019	Unaudited Six months ended 28 February 2018	Audited Year ended 31 August 2018
Gross			
Net			

	R'000	R'000	R'000	R'000	R'000	R'000
(Loss)/profit attributable to equity holders of the parent		(203)		15 496		35 657
Fair value adjustment on investment properties	(54)	(25)	(14 911)	(8 405)	(32 768)	(21 001)
Fair value adjustments within equity accounted profits	(1 848)	(860)	(18 142)	(9 111)	(17 254)	(8 261)
Realised loss on sale of joint venture assets	2 624	2 624	-	-	-	-
Realised profit on sale of non-current assets	(3 890)	(1 749)	-	-	(2 187)	(255)
Headline earnings		(213)		(2 020)		6 140
Headline earnings per share (cents)		(0.1)		(0.9)		2.8
Diluted headline earnings per share (cents)		(0.1)		(0.9)		2.6
			Unaudited Six months ended 28 February 2019 R'000	Unaudited Six months ended 28 February 2018 R'000		Audited Year ended 31 August 2018 R'000
4. REVENUE						
Rental income			139 247	119 271		245 817
School fees			31 691	16 551		37 340
Sale of property and land			19 730	8 522		15 417
Administration fee income			3 231	2 413		3 671
Dividend income			-	821		3 625
Interest income			4 902	6 411		11 706
			198 801	153 989		317 576
5. RELATED PARTIES						
Related party transactions						
Included in profit from equity accounted investments are the following related party transactions:						
Profits from equity accounted joint ventures			11 525	16 400		16 389
Profit from equity accounted associates			3 748	2 993		8 994
Directors' emoluments			3 808	3 558		13 050
Related party balances						
Included in loans receivable are the following related party balances:						
Loans to joint ventures			28 119	37 033		36 466
Loans to associates			1 551	1 098		1 155
6. SEGMENTAL INFORMATION						
		Property invest-ments R'000	Education R'000	UK invest-ments R'000	Corporate and other R'000	Total R'000
Unaudited six months ended 28 February 2019						
Revenue	164 465	34 336	-	-	-	198 801
Profit before tax	28 704	156	2 965	(11 823)	-	20 002
Total assets	1 907 803	220 031	86 717	73 671	2 288 222	
Total liabilities	1 262 139	5 225	-	1 126	1 268 490	
Unaudited six months ended 28 February 2018						
Revenue	136 377	17 612	-	-	-	153 989
Profit before tax	23 999	(755)	2 511	820	-	26 575
Total assets	1 937 533	114 837	74 182	130 740	2 257 292	
Total liabilities	1 270 791	8 681	-	-	1 279 472	
Audited year ended 31 August 2018						
Revenue	273 593	40 358	-	3 625	-	317 576
Profit before tax	43 031	(3 492)	8 297	3 307	-	51 143
Total assets	2 008 620	154 813	84 855	49 422	2 297 710	
Total liabilities	1 266 950	3 793	-	3 508	1 274 251	

Directors' Review

COMMENTARY ON FINANCIAL RESULTS

The local economic backdrop to this set of interim results has been negative. In this context the asset values in the group's portfolio have held up exceptionally well but growth has been muted. The decision was made last year to sell some mature assets in both the commercial property portfolio and the residential portfolio in order to reduce gearing and create capacity. This decision leaves the group in a solid financial position with sufficient capacity to continue to grow the education business without resorting to excessive gearing or capital raising in an unfavourable market.

The primary measure of shareholder value in the group is the intrinsic net asset value ("INAV"). Increases in INAV do not occur on a consistent annual basis and are dependent on the value-added cycle of the individual businesses. The INAV is the directors' best estimate of the true underlying value of the group, assuming an orderly and efficient disposal process and after taking into account any possible taxes.

Over the six-month period new capital has been invested into Generation Education ("Generation") and Balwin Rentals, a new venture in the residential property market. The group has seen substantial cash inflows as a result of the sale of properties.

INAV per share increased to 482 cents from 468 cents at the August 2018 year-end. The components of INAV have changed slightly due to realisations of mature assets in Aria Property Group ("Aria") and Resi Investment Group ("Resi"), and sales of development stock in Club Mykonos Langebaan ("CML") at values in excess of directors' valuations. The funds from the proceeds were used for further investments into Generation and Balwin Rentals. The valuation of Generation, which is in a rapid growth phase, was not adjusted other than for the cost of construction of school properties. A full valuation exercise will be conducted at year-end. There was also an increase in value of the investment in ASK Partners ("ASK"), Trematon's United Kingdom-based investment.

Group net profit after tax was R5.9 million (2018: R24.8 million). The amount attributable to shareholders was a loss of R0.2 million. This translates to a loss per share of 0.1 cents (2018: profit per share of 7.1 cents) and a headline loss per share of 0.1 cents (2018: 0.9 cents).

In the current interim period an accounting loss was realised on the sale of a joint venture

within Resi, which owned a residential complex in Sanddrift, Cape Town and an impairment was raised on the investment in Cloudberry Investments, which holds shares in Mazor Group Limited. An unrealised loss of R4.2 million was also recognised on the mark-to-market fair value adjustment of an interest rate swap within Aria.

Increased operating costs were also experienced within Generation that relate directly to the Imhoff campus, which was opened in January 2019. Additional staff was hired prior to the school opening so as to enable training and preparation of the staff for the new school. This is in line with Generation's quality control procedures to ensure that the schools are uniformly run and operate smoothly from day one.

The headline loss improved from the prior interim period as a result of increased annuity income within the group, mainly from the Aria, Resi and Generation businesses.

REVIEW OF MAJOR INVESTMENTS

Generation Education

Generation currently has eight school sites. There are six operating schools with two sites in the process of being developed. The number of students has increased to 1 243 (August 2018: 937 students).

The two largest schools by pupil numbers are in Sunningdale, Cape Town and Hermanus, while the Imhoff site in Kommetjie, Cape Town will be the largest school when completed. The Sunningdale campus is full, with a strong waiting list. We have purchased a second site in Sunningdale to expand our offering to include a separate middle and high school campus, which is expected to be completed in time for the 2020 school year. The Hermanus primary school is full and the middle and high school is growing steadily and has exceeded our expectations.

Our newest school campus situated at Imhoff in Kommetjie opened in January 2019. Phase 1 is complete and has a current capacity of 400 students. The initial intake for the first year of operations was 240 students. Deposits and confirmations for the 2020 school year have already been received for a further 140 students. Construction of phase 2 will commence shortly so as to be completed in time for 2020. When completed the campus will be able to house 800 students and will offer classes from pre-primary to high school.

Generation's school sites are all located in high-demand areas. The cost of sending a learner to a Generation School is very competitive with conventional private education models and Generation offers a high-quality, value-for-money product. Learner numbers are meeting or exceeding expectations at all sites.

Generation is also developing certain ancillary businesses in high-growth areas of the education market. Further details will be released in due course.

Aria Property Group

In anticipation of challenging market conditions and possible socio-political changes, Aria took a fairly conservative approach during the period in order to mitigate risk and take advantage of forthcoming buying opportunities. All sectors of the commercial property market appear to be under pressure from a demand and pricing perspective, and Aria's value play and broker network have been somewhat of a safeguard against these headwinds.

Aria achieved several notable milestones during this interim period, most notably the sale of Northgate Park to Spear REIT, and continued to execute their strategy of disposing of both non-core and out-of-province properties with the sale of Devonshire Parkade in Durban. Aria was also able to repay all shareholder loans.

Aria has identified and, in some circumstances commenced with, approximately R75 million of possible redevelopment projects within the existing portfolio. These projects include, but are not limited to, the extension of York Street Boulevard in George, the redevelopment of a portion of industrial space into higher-yielding mini-units and the implementation of self-storage, a food court, Fives Futbol and other tenant-driven upgrades at Maynard Mall in Wynberg. Two high-yielding solar projects are also under review.

Aria has continued to target a hedging strategy of fixing 50% of their overall debt subject to attractive JIBAR pricing off both the three and five-year SWAP curve.

During this interim period, Aria's internal property management team managed to relet and/or renew 25% of the portfolio in terms of GLA, materially improving the lease expiry profile of the fund.

ASK Partners

ASK is a structured finance company that aims to provide innovative financing to property developers in the UK.

ASK continues to contribute to the group's results and has performed ahead of budget for the interim period, contributing R3 million (2018: R2.5 million) to the group results before a write-down of R1.1 million due to the appreciation of the Rand relative to the Pound at the reporting date.

ASK has been well received by both borrowers and syndicated partners in the UK and remains on track to achieve good returns in Pound Sterling. To date ASK has written loans in excess of £153 million, with over £143 million being syndicated to third-party investors. The investor pipeline has expanded as the company has established a track record and there is strong demand for ASK's products from a broadening base of high net-worth individuals and institutions.

Club Mykonos Langebaan

Although CML is no longer one of the largest components of the group's INAV, it remains an important investment and a stable performer, contributing regular annuity income flows from rentals and profits from the sale or development of land inventory.

The Boatyard and Marina at Club Mykonos are full, with steady income flows. CML also continues to achieve regular sales of kalivas (holiday units) and serviced plots. We are in the process of upgrading the restaurant and terrace area at the Marina and will continue to investigate targeted development opportunities which will enhance the value of both the resort and the group.

Resi Investment Group and other residential property investments

No further purchases were made in the 100%-owned Resi portfolio which reduced from 636 units to 483 units during the period as a result of sales of mature properties at individual retail prices. Realisations have been, on average, in line with or above carrying values.

We are still very focused on the residential sector as a viable long-term investment. In the Western Cape there are many new apartments to be delivered in the Cape Town metro during 2019, so we are adopting a cautious approach to new investments. It is management's belief that some distress in this market is likely in the next 12 to 18 months and that better acquisition opportunities will present themselves than are currently available.

Growth in rental income from escalations is very limited. The Western Cape has enjoyed many years of strong rental growth, but this is not the case in the current market. Vacancies are slightly

higher because apartments take longer to lease when they become vacant. Demand for units in the price bracket targeted by Resi (R5 000 to R14 500 per month) remains high but the majority of applicants do not pass the strict credit-vetting process imposed by the group.

The group owns 50% of the woodstock Hub (Pty) Limited, which holds residential and commercial properties in the woodstock area in Cape Town. The majority of these properties have been purchased with the intention to redevelop them into mixed-use schemes.

During the period Trematon entered into a new venture called Balwin Rentals with an effective interest of 22.5%, together with Buffet Investments, KLT Holdings and Balwin Properties to acquire residential units specifically built by Balwin Properties for the rental market. The investment has a guaranteed initial net rental yield of 10.5% with annual escalations of 3%. The first tranche of 156 units to the value of R98 million was transferred in December 2018 and is fully let. We have entered into a first right of refusal with Balwin Properties to purchase a further 4 544 units over the next few years with an estimated value of R5 billion. For further details, refer to the SENS announcement released by Balwin Properties on 19 February 2019.

CHANGES TO THE BOARD AND COMPANY SECRETARY

Trematon has appointed two new non-executive directors to the board, Robin Lockhart-Ross and Keith Getz. Robin will serve as chairman of the board. Subsequent to the period-end Shiree Litten resigned as company secretary and Jac Vos was appointed to replace her. We welcome them all to the board and look forward to the benefit of their valuable knowledge, experience and guidance.

CONCLUSION

All businesses have performed relatively well in the current subdued economic climate and are strongly positioned to take advantage of any improvements in the economy when they occur.

The share price continues to trade at a significant discount to INAV. This is not under the direct control of management and reflects the same pattern as similar investment holding companies in the current market. The focus of the management team is to grow the INAV over time while retaining a healthy financial structure.

INTRINSIC VALUE REPORT

Trematon is an investment holding company and uses the intrinsic value model to provide management and investors with a realistic and transparent way of evaluating Trematon's performance and value.

The intrinsic net asset value report below illustrates the intrinsic net asset value of all investment categories of the group for the period ended 28 February 2019. The preparation of the intrinsic net asset value is the responsibility of the directors of Trematon. The intrinsic net asset value has been prepared to assist investors in analysing future prospects of the group.

The financial information below has been compiled by using a combination of listed market values, external professional valuations, or directors' valuations, where applicable.

		Intrinsic value		
		February 2019	February 2018	August 2018
		R'000	R'000	R'000
Club Mykonos Langebaan	1	130 465	149 052	138 246
Aria Property Group	1	224 791	218 819	227 199
Resi Investment Group	1	183 252	251 328	201 634
Generation Education	2	286 571	128 382	225 630
ASK Partners	3	86 717	74 182	84 855
Other	4	32 373	25 995	34 895
Cash	5	98 486	118 164	99 042
Totals		1 042 656	965 922	1 011 501
Number of shares in issue (thousands)		216 144	216 607	216 144
INAV per share (cents)		482	446	468
share price (cents)		300	300	320
Discount (%)		38	33	32

Notes

- The assets have been valued by using a combination of directors' valuation and/or external professional valuers, where applicable.
- The school operations have been valued using a combination of discounted cash flows and price-earnings models. The school properties are carried at market value using directors' valuations for completed schools and build costs incurred to date on school properties under construction.
- The investment is carried at cost plus equity accounted profits and foreign currency gains/losses.
- "Other" includes listed shares, held directly and indirectly, and other minor assets less related debt.
- Current year's cash includes cash from 100%-held investments. Where investments are not 100% held their cash is included in their respective INAV.

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Secretary

JJ Vos

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Auditor

Mazars

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The group interim financial results have been prepared under the supervision of the chief financial officer, Mr AL Winkler CA (SA).