2019

INTEGRATED ANNUAL REPORT

TREMATON
Capital Investments Limited

2019

TREMATON

is an investment holding company that invests in assets and businesses which management believes are undervalued or where management can create value that has the potential to achieve our targeted internal rate of return.

The **Integrated Annual Report**, including the annual financial statements, has been prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act No. 71 of 2008. The annual financial statements have been audited in compliance with this Act.

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

Published on: 28 November 2019 | Financial year-end: 31 August 2019

INTEGRATED ANNUAL REPORT

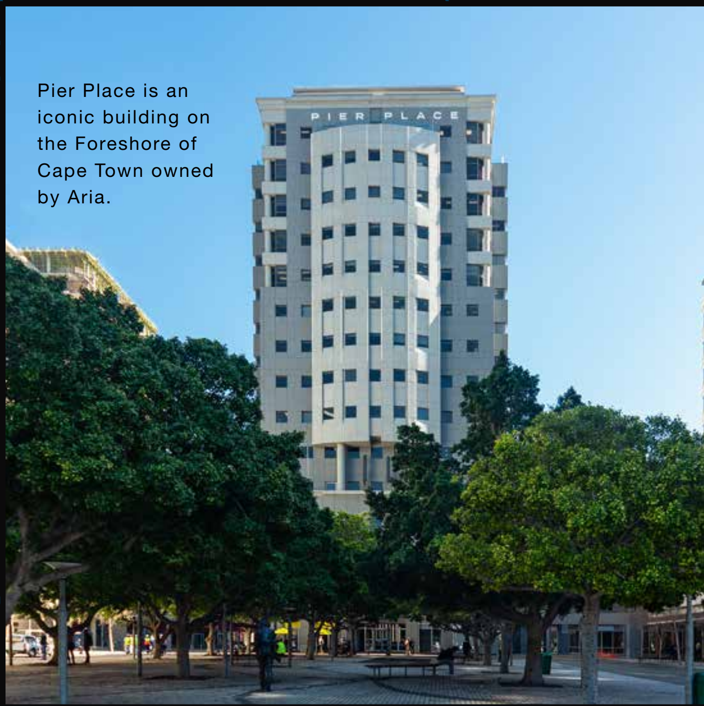
ANNUAL FINANCIAL STATEMENTS

INTRINSIC NET ASSET VALUE

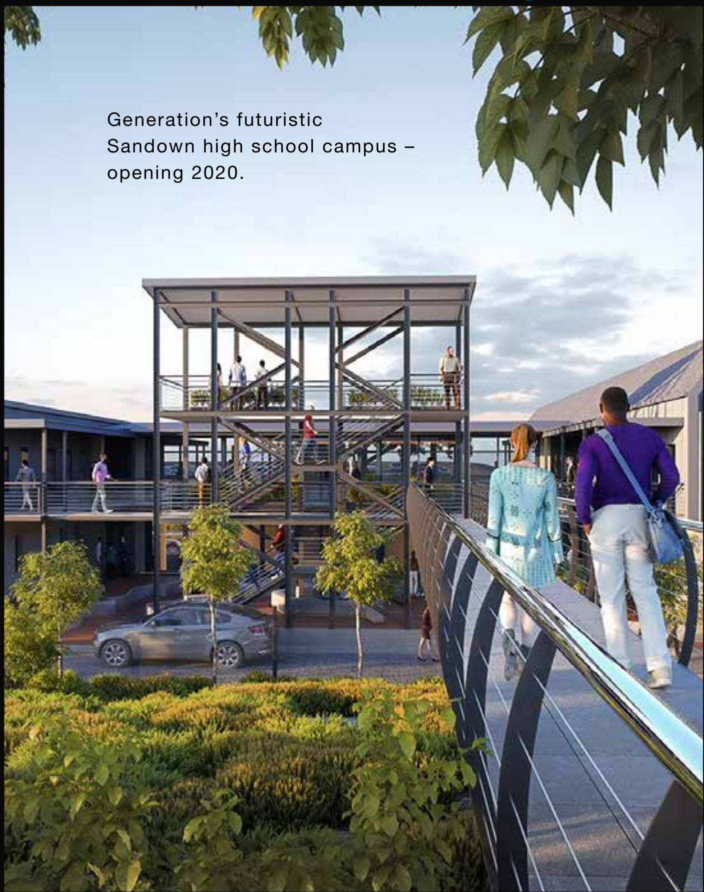
↑13%

9 YEARS OF UNINTERRUPTED DISTRIBUTION GROWTH

Current-year distribution 5.5 cents per share



Pier Place is an iconic building on the Foreshore of Cape Town owned by Aria.



Generation's futuristic Sandown high school campus – opening 2020.

EARNINGS BEFORE TAX

↑19%

CHAIRMAN'S REPORT

I am excited to present my first report as chairman of Trematon Capital Investments Limited, in respect of the year ended 31 August 2019, following my appointment to the board in December 2018 and the retirement of Monty Kaplan as chairman in February 2019.

The uncertain socio-political environment, stagnant economy and low business confidence in South Africa at present have inevitably placed considerable pressure on the trading prices of listed companies across the market, but especially on those counters like Trematon in the small cap sector.

As with most listed investment holding companies, which the market invariably values at less than the sum-of-the-parts values of their underlying portfolios, Trematon continues to trade at a significant discount to its intrinsic net asset value ("INAV"), which is the measure the board uses to assess the group's performance, growth and value-add for shareholders over time.

Where Trematon differs from other investment companies is that it is not so much a passive holding company but rather a hub of highly entrepreneurial and largely autonomous businesses that are provided with strategic guidance, operational support and seed funding from the Trematon executive team, head office infrastructure and balance sheet at group level.

While the board is conscious of this discount to INAV and is committed to unlocking value for shareholders over the long term, in the current economic climate we have deemed it more prudent and appropriate to focus our attention primarily on value protection for the short to medium term.

The collective of operating businesses that comprise the bulk of the group – Club Mykonos Langebaan ("CML"), Resi Investment Group ("Resi"), Generation Education ("GenEd"), Aria Property Group ("Aria") and ASK Partners ("ASK") – have all performed solidly and added value over the 2019 financial year, despite the challenging circumstances.

In our established property businesses of CML, Resi and Aria, the respective management teams have concentrated on de-risking and de-gearing the property portfolios, through the selective and opportunistic disposal of mature and non-core assets, and the application of the resultant proceeds towards the reduction of bank debt and further investment into the development of school properties within GenEd.

This does not, of course, mean that the management teams in these businesses are not fully alert to the opportunities of making smart property acquisitions at deeply discounted prices in the current stressed market conditions or the need to continue planning and pre-development activities over this lull period to ready their respective property portfolios for the upturn in the property cycle.

Our partly-owned offshore property funding business, ASK in the UK, has continued to show impressive growth off a moderate capital base and has a strong deal pipeline in place to underpin further growth in its niche market.

We have deployed significant new capital over the past financial year into our growing private education business, GenEd, where the new Imhoff school campus was opened at the start of the 2019 school year and where we have invested in the construction of Imhoff phase 2 and a high school close to our Sunningdale campus that will be completed for the 2020 school intake.

This business offers substantial growth potential in the burgeoning private education sector in South Africa, in terms not only of the pipeline of further new campus developments and of acquisition and rebranding of existing schools, but also of the remote learning and online educational offerings that can be built and spun off the physical base, brand and intellectual capital of GenEd's schools.

The board is committed to ongoing investment of capital and resources into GenEd on a prudent and considered basis, taking into account the group's overall portfolio, capital constraints and operational capacity.

In the current climate of limited investor appetite and deal activity in the market, the board does not foresee any imminent exit or realisation opportunities in our mature property businesses, although management continues to explore avenues to unlock or release capital from these businesses to reinvest into GenEd or into new business ventures under consideration or still to be identified.

The board believes that, in the current climate, shareholders' interests are best served and promoted by proactive asset management of the group's existing investment portfolio, prudent allocation of our capital resources and debt facilities, and patient planning for long-term realisation of our investments in more favourable market conditions, rather than trying to force shorter-term outcomes.

Where Trematon has an advantage is that its executive team has a proven track record of making astute and timeous investments in start-up or early-stage businesses and in underperforming or distressed assets, in conjunction with substantial capital partners and talented entrepreneurs, of adding value to those businesses and assets, and of exiting them at substantial premiums for shareholders.

As chairman I am fortunate to enjoy the expertise and guidance of a board of experienced professionals and practitioners who come from varied backgrounds, and as a board we are fortunate also to enjoy the support of a body of long-standing and committed shareholders who have shared the journey over nearly 15 years since the current executive team took over management control of Trematon.

I would like to thank the directors, executives, staff and partners of Trematon for their contributions to the progress achieved by the group over the past financial year towards its long-term goal of creating and unlocking value for shareholders, and to pay tribute to my predecessor, Monty Kaplan, for his significant role in laying the foundations for the group's long-term success.

Robin Lockhart-Ross
Independent Non-executive Chairman

CHIEF EXECUTIVE OFFICER'S

AND

CHIEF FINANCIAL OFFICER'S

JOINT REPORT

INTRODUCTION

At Trematon we are very focused on our local assets which are mostly based in the Western Cape and we make most of our investment decisions based on bottom-up fundamental analysis. We don't spend a lot of time forecasting broad economic trends but tend to rely on real-world evidence and experience. That said, this year we would like to provide some background and historical context to where we find ourselves:

While the group's underlying businesses have performed very well over more than a decade, the share price has not reflected this, with the result that investors have not seen the financial gains that would normally arise from solid economic performance.

The past seven years have been difficult for small and micro-cap companies listed on the JSE Limited ("JSE"). The most basic reason for a listing is the ability to raise capital in the financial markets but circumstances have conspired to make this virtually impossible.

In theory, good management should be rewarded for good performance by a premium share price enabling a virtuous cycle of capital raising, growth in market capitalisation, and returns to shareholders. In South Africa, several high-profile corporate failures, sometimes accompanied by outright fraud, have dashed investor confidence in "South Africa Inc." and small cap funds, which are the lifeblood of the small cap sector, have shrunk consistently for the past seven years. In addition, conventional fund managers have disinvested from small caps, leaving the sector moribund. Good companies have been punished along with the bad and there is very little research or interest in companies with market capitalisations of less than R5 billion. Fund managers have a "long-term" investment horizon philosophically, but the decision is often taken out of their hands by outflows from open-ended unit trusts and unitised institutional small cap funds which forces the sale of shares at a time when there is no natural demand.

To add impetus to this trend, the dramatic decline in the number of small cap listings over the past decade and the increasingly turgid regulatory environment have led many of the best transactions to be undertaken by private equity investors. With far less companies to oversee, oversight by the JSE, although doubtless well intentioned, has become very officious and has become increasingly difficult to deal with for entrepreneurial companies. This has led many of the best entrepreneurs to look elsewhere for funding and has prevented some groups from engaging in attractive transactions.

The JSE, in common with all equity markets, should be a vibrant market which enables capital raising and risk-taking by well-informed investors and should be a source of risk capital for entrepreneurs. Large and small companies can succeed or fail, and it is the job of the markets to punish and reward them accordingly. Oversight is necessary but the listing regulator should be a facilitator of growth rather than a brake on entrepreneurial activity, otherwise the small cap market of the JSE will become unattractive as a source of capital and a vital cog of corporate growth may be lost.

The combination of these factors leaves every investment company trading at a discount to intrinsic net asset value because the outflow of funds from the sector is not matched by an inflow from any group save for a few diehard individual investors who are prepared to take a long and patient view. The regulatory environment adds costs and friction, which makes it difficult for small caps to act quickly and flexibly.

The small cap sector and the investment holding company sector have not disappeared from the global stage but seem to be on life support in South Africa. They are virtually ignored by the analyst community and are not even on the radar of the larger asset managers. This is probably a good indication that it is an excellent time to invest in the sector.

There is no doubt that small companies have a valid place in the investment universe and that some of them will deliver excellent returns from this very low point in their collective history.

RESULTS

Trematon's earnings patterns are lumpy due to the nature of the group's business which can have large acquisitions and disposals in any year. The focus of the management team is to grow the intrinsic value of the group. Ultimately, if each business was allowed to mature then the group could be valued on an earnings multiple or dividend yield but the group's assets are regularly recycled to optimise returns. So for the time being, INAV therefore remains the best measure of Trematon's performance as it gives shareholders a realistic valuation of the underlying assets of the group. This is calculated and explained in detail in a separate INAV report which can be found on page 12.

Since the current management took over in April 2005 the INAV per share has grown from 57 cents to 521 cents per share which represents a compound annual growth rate of 17%. This is below the board's stated target of 20% but as the economy is at a low point in the valuation cycle so it is a good performance in the circumstances and the target remains achievable. It is worth highlighting that Trematon's INAV is calculated taking into account applicable taxes and reflects the realisable value of the company based on an efficient disposal of the assets.

The group has grown its annuity income operations substantially over the past few years, but investment disposals, acquisitions and fair value adjustments continue to create once-off swings in earnings. This growth in annuity income is likely to continue over the next few years. Over the past year the group has made several realisations and revaluations which have resulted in a 12.7% increase in INAV. There have also been some movements in the percentage contribution of the various businesses to INAV, most notably GenEd which has increased to 30% (2018: 22%) of the group's value. Resi has decreased its contribution to 15% (2018: 20%) due to sales of properties during the last 12 months. The majority of the cash from these disposals has been recycled into GenEd. To date GenEd has been funded by group cash on hand, however it is likely that bank funding will be utilised in the near future as the expansion of GenEd continues. The balance of the group's contribution to INAV has remained similar to the prior year.

The group continues to increase its distributions to shareholders with an increase of 5% over the prior year. The distribution for 2019 is 5.5 cents (2018: 5.25 cents) per share. The group has paid a steadily increasing annual distribution since distributions commenced in 2011.

Group revenue (excluding sales of property and land) has grown materially over the past 10 years and this year achieved an increase of 23% over the prior year. This illustrates the increased annuity income component of our operating businesses. Rental income in Aria increased due to the letting-up of the final vacant space at Pier Place as well as annual rental escalations. School income in GenEd increased by 78% as a result of the opening of new schools and an increase in student numbers at current schools that were not at full capacity.

Net profit before tax increased by 19% to R61 million (2018: R51.1 million). This is after an impairment and subsequent write-off of a loan relating to the disappointing investment in Mazor Group Limited to the value of R10.2 million. The investment was fully disposed of during the year.

Earnings and headline earnings per share were 10.2 cents (2018: 16.5 cents) and 2.0 cents (2018: 2.8 cents) respectively. This decrease in earnings and headline earnings was mainly due to an increase in tax in the current year as a result of property sales and increased taxable income within group companies where their assessed losses were fully utilised in the prior year.

Book net asset value ("NAV") per share has increased by 1% to 411 cents (2018: 407 cents) while INAV per share, which provides investors with a realistic and transparent evaluation of Trematon's performance and value, increased by 11.2% to 521 cents (2018: 468 cents). Book NAV reflects the book values of the various investments in terms of IFRS, but does not take into account the market value of certain investments such as inventory, and investments in joint ventures and associates that are equity accounted in terms of the required accounting standards. The INAV shows these assets at their realisable market values.

CLUB MYKONOS LANGEBAAN

CML's INAV increased slightly in the current year due to increases in property values as a result of continued rental income growth in both the boatyard and marina as well as new commercial tenants.

The Club Mykonos resort has been incrementally improved over the past eight years with the most recent improvement being the main public areas on the waterfront which needed a facelift to bring it up to standard with the rest of the property. A strategic decision to install a major franchise on the waterfront led to engagement with various national franchises and we are pleased to announce that the Cape Town Fish Market at Club Mykonos is now operational along with a newer franchise called Kapstadt Brauhaus. These new leases required significant capital expenditure with the results appearing to be very pleasing and early indications are that the Club Mykonos Waterfront will become a major leisure attraction in the area.

CML's contribution to group profit grew by 22.4% to R13.1 million (2018: R10.7 million).

The Club Mykonos Marina and Boatyard continue to show strong growth even in the current difficult economic conditions. They are both integral parts of the Club Mykonos resort and remain fully let with a substantial waiting list.

CML continues to explore potential development of the remaining zoned land which will unlock further value and add to the already positive annuity income contribution CML provides to the group.

OWNERSHIP 100%

RESI INVESTMENT GROUP

We have continued to dispose of some units where we feel we have achieved our targeted return in terms of value growth. This resulted in disposals of 77 units with the proceeds being R53.7 million as against the cost of R36 million, representing a 49% return over the past five to seven years.

Resi's contribution to INAV decreased by 5% due to the proceeds from these sales being used to reduce debt and increase investment in school properties in GenEd. Resi earned a profit before tax of R4.4 million for the year (2018: loss of R1.1 million).

During the year Trematon entered into a new venture called Balwin Rentals with an effective 22.5% interest, together with Buffet Investments (Pty) Limited, KLT Holdings (Pty) Limited and Balwin Properties Limited ("Balwin") to acquire residential units specifically built by Balwin for the rental market. The investment has a guaranteed initial net rental yield of 10.5% with annual escalations of 3% per annum. To date 252 units to the value of R155.6 million has been purchased by Balwin Rentals.

Resi has, in a joint venture with another shareholder, acquired significant development stock in a precinct in Woodstock which has very good potential for mixed-use development but the realisation of value may be delayed until the property market in Cape Town improves.

OWNERSHIP 100%

ARIA PROPERTY GROUP

Aria produced more than satisfactory results for the year which was characterised by very tough trading conditions. Aria made several strategic disposals, the most notable being its 50% beneficial interest in Northgate Park, Cape Town which was sold significantly above cost. The proceeds from the sales were used to deleverage the balance sheet through repayment of shareholder loans and reduction of bank debt.

Aria's value increased slightly over the prior year with its overall contribution to INAV remaining similar to the previous financial year. Aria contributed R32.8 million (2018: R36 million) to group profits for the year.

Management continues to embark on value-add opportunities through both acquisitions and the redevelopment of properties in its portfolio. Notable upgrades to York Street Boulevard in George and Maynard Mall in Wynberg, Cape Town were well advanced at the end of the financial year.

The company has focused strongly on producing increased free cash flow through optimising alternative revenue streams, expense rationalisation and the renegotiation of more favourable debt agreements. Aria is therefore well placed to take advantage of interesting opportunities brought about through the current market conditions.

OWNERSHIP 60%

GENERATION EDUCATION

GenEd continues to expand with the opening of Imhoff pre-primary and primary school in January 2019. The construction of the Imhoff middle and high school is under way and will open in January 2020. The expansion of GenEd's footprint in Sunningdale is growing with the construction of the Sandown middle and high school campus which is scheduled to open in early 2020. This will increase GenEd's operating schools to seven with over 1 500 students enrolled. We are still waiting for zoning approval for our site in Noordhoek in the Western Cape as well as the approval to expand an existing school site purchased in Hout Bay.

Revenue continued to grow to R71.8 million (2018: R40.4 million) which is a 78% increase on the prior year. EBITDA increased to R4.7 million from R2.0 million in the prior year, while GenEd contributed R0.8 million (2018: R1 million) to group profits. This profit was achieved after initial once-off costs associated with opening new schools and despite teacher-to-student ratios not yet being optimised in the newly opened schools. Initial targets have been exceeded, taking into account that expenses are expected to be higher in the development phases. GenEd's contribution to INAV increased by 8% to 30% of the group's value, mainly due to R92 million additional investment in new school buildings and organic growth within the schools.

GenEd is a groundbreaking educational model which is unique both locally and globally. Our continued exposure to the latest trends in education has reinforced our belief that GenEd's brand will be a major force in modern education from pre-school to tertiary and beyond. The business' founder and CEO, Jevron Epstein, who is also a major shareholder of GenEd, has been invited to serve on the Cambridge International Advisory Board and GenEd's innovative approach, coupled with the deep and broad resources of Cambridge, will enable the distribution of high-quality education around the globe. For now, the focus of GenEd is on the seven bricks and mortar schools that we own and operate, but future growth will not be limited by physical building capacity.

The expansion of GenEd has been funded by the Trematon balance sheet and the group also provides strategic and financial guidance.

OWNERSHIP 87%

ASK PARTNERS

Trematon's investment in ASK continues to add value to INAV as well as contribute to the group's profits. ASK increased its contribution to INAV to 10% (2018: 8%) and added R13.9 million (2018: R8.3 million) to group profits. The business continues to provide innovative structured financing to property developers in the United Kingdom and has grown its investor base consistently since the company began operations. By the end of August 2019 ASK had written loans in excess of £150 million (approximately R2.8 billion).

The investment continues to exceed initial budgets and projections, both in terms of loans written and syndications concluded, and is on track to achieve our return objectives.

OWNERSHIP 40%

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 serves as chairman of the board. Jac Vos was appointed as company secretary after the resignation of Shiree Litten. We welcome them all to the board and look forward to the benefit of their valuable knowledge, experience and guidance.

CONCLUSION

Trematon has achieved consistent INAV growth since current management took over in 2005 and has increased distributions every year since they commenced in 2011.

The group has made a full transformation from its initial activities as a passive investment company trading in illiquid listed and unlisted securities, to an entrepreneurial hub of commercial talent which offers support services and risk capital to capable and visionary management.

Without making predictions about the macroeconomic and political environment we are confident that each of our businesses has the fundamental strengths of a desirable core product, organic growth and competent, engaged management.

We invest our capital with long time horizons and we invite like-minded investors to share in our journey.

Arnold Shapiro
CEO

Arthur Winkler
CFO

INTRINSIC VALUE

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 31 August 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.

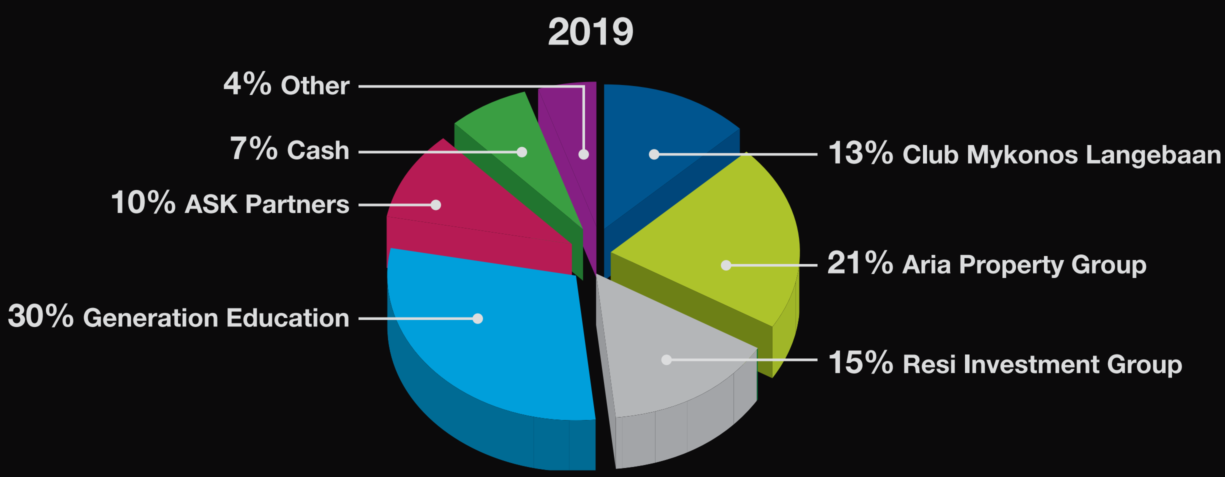
The intrinsic net asset value is also presented as part of the group's segmental information in the audited annual financial statements and for comparative purposes, the prior year's information is also presented.

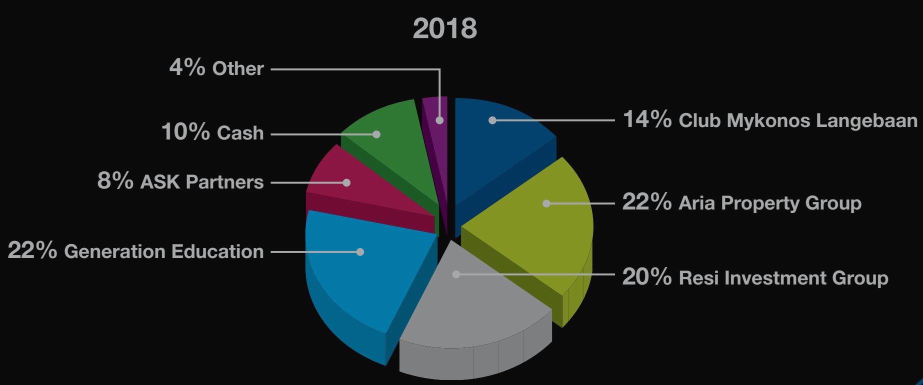
		Intrinsic value	
	Notes	**2019 R**	2018 R
Club Mykonos Langebaan	1	**145 886 925**	138 245 706
Aria Property Group	1	**237 666 440**	227 199 143
Resi Investment Group	1	**169 117 531**	201 633 645
Generation Education	2	**338 694 722**	225 630 120
ASK Partners	3	**111 761 529**	84 854 871
Other	4	**54 195 449**	34 894 576
Cash	5	**82 540 036**	99 042 471
Total		**1 139 862 632**	1 011 500 532
Number of shares in issue		**218 970 557**	216 144 326
INAV per share (cents)		**521**	468

Notes

1. The assets have been valued by using a combination of directors' valuation and/or external professional valuers, where applicable.
2. The school operations have been valued using a combination of discounted cash flow 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.
3. The investment is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments.
4. "Other" includes listed shares and other minor assets less related debt.
5. Current year's cash includes cash from all investments, other than Aria Property Group, which is included in its respective INAV.

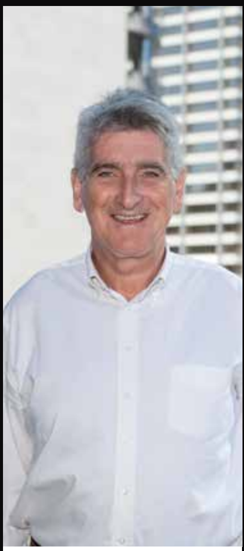
INTRINSIC VALUE BY INVESTMENT





BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS



ROBIN LOCKHART-ROSS
(61)

BCom (Hons), MAcc, CA (SA)

Independent Non-executive Chairman

Robin has over 30 years of corporate experience. He spent the last 19 years of his career at Nedbank Limited and on his retirement in June 2018 he held the position of divisional managing executive in Nedbank CIB's Property Finance Division. He is currently a non-executive director of Fortress REIT Limited and Heriot REIT Limited.

First year of service

ADRIAAN MURRAY LOUW
(74)

BCom, CA (SA), MBL

Independent Non-executive Director

Murray was an independent investment banker with extensive corporate finance experience both locally and abroad. He was the chairman of Prescient Limited and is currently the financial director of PBT Group Limited.

Years of service: 14*

RUDI STUMPF
(49)

FIA

Non-executive Director

Rudi is a qualified actuary and spent six years at Sanlam in various capacities and was chief executive officer of Citadel from 1998 to 2002. Since 2003 he has been a private equity investor engaged in a wide variety of transactions.

Years of service: 14

JONATHAN FISHER
(47)

BCom

Independent Non-executive Director

Jonathan was the managing director of Stanchion Payment Solutions and was also a senior corporate finance executive at Bridge Capital where he had been involved in numerous transactions across various sectors. Jonathan has also performed the role of chief operations officer of media company Moneyweb Holdings and spent five years at Dimension Data in various roles.

Years of service: 8

KEITH GETZ
(63)

BProc, LLM

Non-executive Director

Keith is a practising attorney at Bernadt Vukic Potash and Getz. He practises principally in the areas of takeovers and mergers, private equity, stock exchange, corporate restructuring, regulatory compliance, franchising and generally advising corporate clients nationally and internationally on corporate and commercial matters. He is currently a director of Mr Price Group Limited and Strate (Pty) Limited.

First year of service

* The board has assessed that AM Louw's independence, character and judgement has not been impaired or affected by his length of service, which is in excess of nine years.

EXECUTIVE DIRECTORS

COMPANY SECRETARY

ARNOLD SHAPIRO
(57)

BBus Sci (Finance Hons)
Chief Executive Officer
Executive Director

Arnold has been the chief executive officer of Trematon for the past 14 years. Prior to this he occupied senior management positions in the asset management industry including analysis, portfolio management and general management. He is currently a director of various companies in the Trematon Group.

Years of service: 14

ARTHUR WINKLER
(42)

BCom, CA (SA)
Chief Financial Officer
Executive Director

Arthur qualified as a chartered accountant, having graduated from the University of Cape Town. He completed his articles at Moores Rowland where he remained as an audit manager until joining Wooltru Limited as company secretary. He joined the Trematon Group in 2008. He is a director of various companies in the Trematon Group.

Years of service: 11

ALLAN GROLL
(64)

Executive Director

Allan has been an active participant in the South African property and equity markets for more than twenty years. He was previously a director of Spearhead Property Group Limited, Ingenuity Property Investments Limited and Wooltru Limited. He is a non-executive director of Mazor Group Limited and a director of various companies in the Trematon Group.

Years of service: 14

JAC VOS
(37)

BCom, CA (SA)
Company Secretary

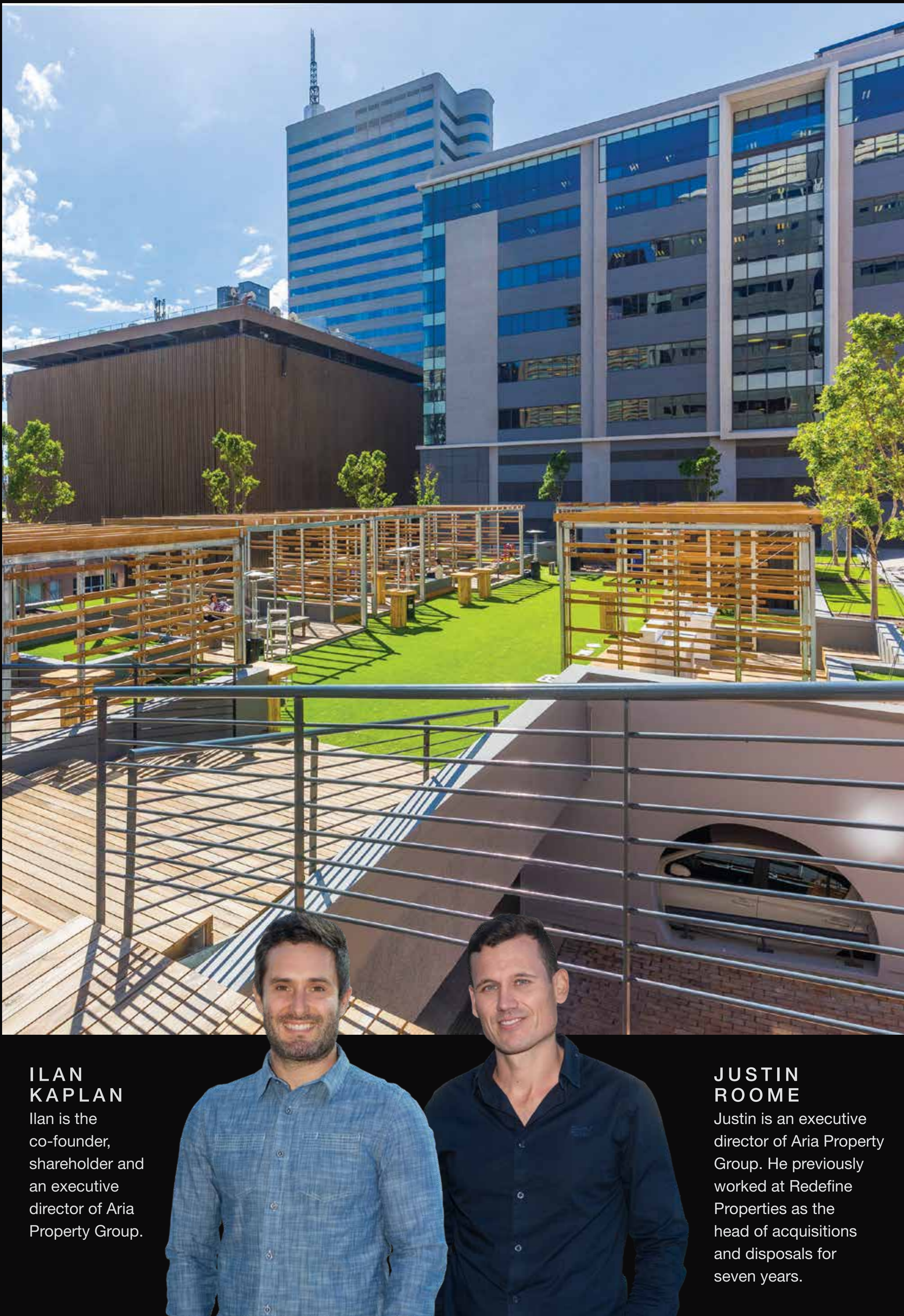
Jac qualified as a chartered accountant after completing his articles at Moores Rowland. He joined the Trematon Group in 2009. He is a director of various companies within the group.

Years of service: 10

EXECUTIVE TEAM

JEVRON EPSTEIN

Jevron is the founder and managing director of Generation Education and is instrumental in the growth of the Generation brand. His is also a shareholder in the Generation Group.



ILAN KAPLAN

Ilan is the co-founder, shareholder and an executive director of Aria Property Group.

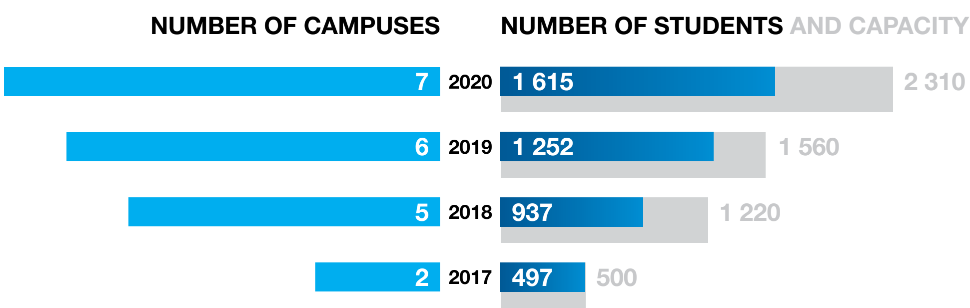
JUSTIN ROOME

Justin is an executive director of Aria Property Group. He previously worked at Redefine Properties as the head of acquisitions and disposals for seven years.

Generation
Curiosity. Experience. Knowledge.

Generation Education provides an innovative model for schooling that is more organic and pupil-focused than traditional schooling models.

The curriculum is structured to enhance each child's natural developmental patterns and talents in order to support the individual growth of each student. GenEd offers learning-rich environments equipped with multi-sensory materials, where knowledge is experienced as well as taught. Curiosity and exploration are encouraged, and the love of learning is actively nurtured.



Aerial rendering of Generation's Sandown campus plus sportsfields.

STUDENT NUMBERS	REVENUE	EBITDA
↑34%	↑78%	↑140%
from 937 to 1 252	**from R40.4 million to R71.8 million**	**from R2 million to R4.7 million**

Children set their own learning pace in mixed-age groupings which enables them to learn from and help one another. These elements of the Montessori philosophy have become more popular worldwide as the demands of the contemporary environment increasingly require a new set of skills – creativity, adaptability, innovation and the ability to think critically. One of GenEd's key strategies is the provision of a vocationally focused education, where children are equipped with future employment capabilities, ranging from business and technology through to sports and the arts.

In line with this strategy, GenEd has extended and built on its foundation phase approach and is one of the only two school groups in South Africa that carry the Montessori philosophy through to the high school level. At the primary and high school levels, GenEd introduces the Cambridge curriculum which offers IGCSE's, AS, A and A2 levels, with an international matriculation so that learners are able to study anywhere in the world. As a multi-curricular school GenEd also offers a vocational exit that focuses on themes as opposed to subjects. This is in line with the school's promise of "one school, multiple exits". As 2019 draws to a close, GenEd has six schools operational in the Western Cape, situated in Hermanus, Kommetjie, Hout Bay, Melkbos, Bergvliet and Sunningdale.

Currently we have one new school under construction which will open in 2020, which is our bespoke Sunningdale high

school campus. We are also completing construction of the high school campus in Kommetjie to supplement our junior school which has been operational since January 2019.

Student numbers have grown by roughly 34% to over 1 250 students since the 2018 financial year. We expect pupil numbers will reach approximately 1 600 by the beginning of 2020. GenEd's revenue has increased by 78% to over R71 million (2018: R40 million). GenEd is in an exponential growth phase in all areas of operations including tertiary courses and Edutech.

In 2019 we launched our Edutech venture, known as GenEx. GenEx focuses on the digitising and augmenting of educational material and allows for online engagement.

GenEx has entered into a venture with Cambridge Assessment International Education which involves digitisation and online delivery of the Cambridge Professional Development Qualifications. GenEx acts as a digital delivery mechanism for content, guidance and mentorship. The bricks and mortar institutions that GenEd has already established, coupled with the educational material from Cambridge and others, form the base for exponential online growth which is not limited by physical or geographical constraints.

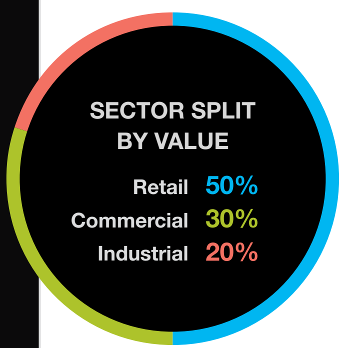
GenEd has already established itself as a major educational innovator in South Africa and should continue its fast growth phase for several years.

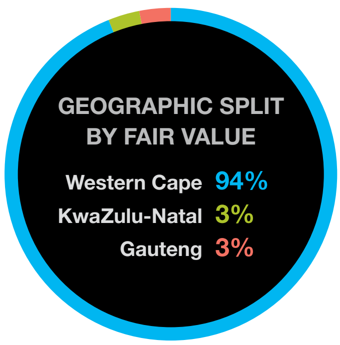
www.generationschools.co.za

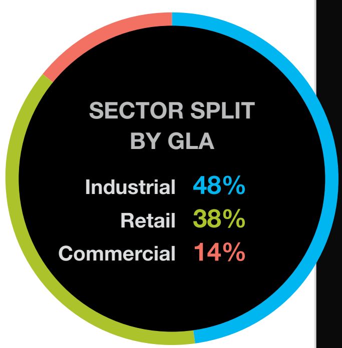
INVESTMENT

ARIA PROPERTY GROUP

Aria Property Group is a Western Cape-focused commercial property investment company. It identifies and acquires underperforming institutional-grade real estate assets and adds value through focused tenant-driven redevelopment for long-term investments.







HIGHLIGHTS

NORTHGATE PARK DISPOSAL

This year saw the sale of Aria's 50% beneficial interest in Northgate Park to Spear REIT Limited. After a successful redevelopment of the asset in 2015, the property-owning consortium took a view to sell the property, which had reached relative maturity, in order to use the proceeds to pay down debt.

OUT-OF-TOWN DISPOSALS

The company continued with its strategy of selling properties outside of the Western Cape. The period saw the sale of Devonshire Parkade in KZN as well as the conclusion of a binding agreement for the sale of Glenashley Views for likely transfer by calendar year-end. Both properties were sold above book value.

Northgate Park

Maynard Mall

YORK STREET BOULEVARD

The final phase of the redevelopment of this property was completed during the year which included the upgrade and renewal of the Checkers Hyper. The new tenancies of CNA, Pick n Pay Clothing, Ackermans and Clicks increased the overall representation of the national tenancies to 73% of GLA and further entrench the property as the dominant convenience retail property on its side of George.

MAYNARD MALL

Aria has successfully concluded a number of renewals and has relet the 3 500 sqm Edcon space to a combination of tenants including the very attractively spec'd Sports Scene. The creation of the food court, Fives football, secure long-term parking and self-storage are in various phases of construction and are anticipated to be completed within the next period. The period also saw Aria making its first investment into solar which will be fully operational by March 2020.

www.aria.co.za

INVESTMENT

ASK PARTNERS

ASK Partners is a UK-based real estate finance company with expert skills in real estate financing across the capital structure. ASK operates in the private equity and lending space and offers bespoke and flexible funding solutions to experienced residential and commercial property developers and asset managers. These funding solutions range from bridge lending to equity joint venture agreements. ASK is able to provide funding from £1 million to amounts in excess of £25 million.

Trematon's initial equity contribution of £4.3 million, which represents a 40% interest, has met expectations based on Trematon's return criteria. This is currently the group's only offshore investment. The day-to-day operations of the company are managed in the UK by an experienced and highly skilled full-time management team and Trematon is represented at board level on a non-executive basis.

By the end of August 2019 ASK had written loans in excess of £150 million (approximately R2.8 billion) with an ever-growing investor base.

The operating model is very capital efficient because the initial capital is used to underwrite loans. Once the terms are finalised and the funds are provided, the individual loans are syndicated to a select portfolio of high net worth individuals and fund managers. This enables the company to extend loans without excessive capital requirements while providing very competitive returns to investors via disintermediation and focused market expertise.

The investment is based on projected investment returns in British Pounds and not on any specific currency view.

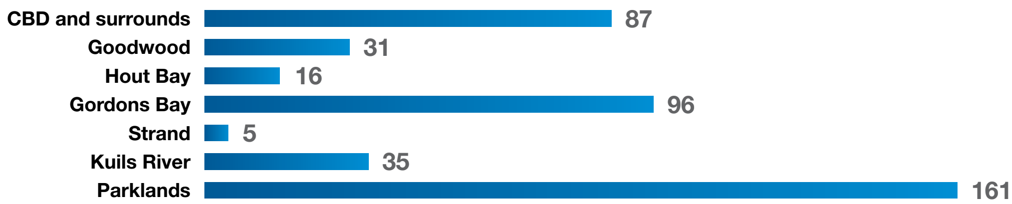
www.askpartners.co.uk

INVESTMENT

RESI INVESTMENT GROUP

Resi Investment Group invests in residential apartments and housing units for rental and capital growth. Resi's core focus is the investment in residential properties with stable and growing long-term rental income profiles, located in desirable residential nodes with financially stable tenants. The bulk of Resi's units are held for rental but there is also a trading component to the business which enables us to optimise returns.

RESIDENTIAL PROPERTY PORTFOLIO – LOCATIONS



Resi has been successful in developing a solid portfolio in the Western Cape. The ability to grow the business has, however, been hampered by a lack of suitable stock and the emphasis during the financial year was on realising mature assets rather than aggressively acquiring new assets. While we remain committed to the residential sector in the Western Cape, we are open to diversifying into other regions in South Africa in order to expand the Resi portfolio and secure the growth of the business. We have entered into a new venture with various partners including Balwin Properties Limited to purchase a large pipeline of units specifically built for the rental market. These properties will be located throughout South Africa.

www.resi.co.za

INVESTMENT

Our Little Piece of Greece on the West Coast

Club Mykonos is a Greek-themed, family-friendly holiday resort situated on the shores of the Langebaan lagoon, located 1½ hour's drive from Cape Town. The resort provides a variety of accommodation and entertainment options and is becoming an increasingly popular destination for events and conferences.

CML owns all of the development land and commercial assets within the Club Mykonos resort which includes the Club Mykonos Marina, the Boatyard storage facility, conference centre and restaurant premises. The restaurants are owned and operated by external restaurateurs.

Although CML has become a relatively smaller component of Trematon's investment portfolio, it continues to add incremental value and remains an important aspect of our business with a stable income stream.

The Club Mykonos Marina continues to show strong growth even in the current difficult economic conditions and is fully let with a substantial waiting list.

The Club Mykonos Boatyard, which has become an integrated part of the Club Mykonos service offering, is also at full capacity. It includes 257 lock-up storage units in various sizes to accommodate different storage needs, as well as safe outdoor storage.

We have commenced the installation of a 726 kW solar plant in the boatyard which will result in CML being less reliant on availability of power from Eskom, which will mitigate any supply constraints from Eskom for future developments.

A major refurbishment of the marina terrace restaurants was completed at the end of September 2019 after CML secured a long-term lease agreement with the Cape Town Fish Market and Kapstadt Brauhaus. Initial trading has been positive and we are confident that this will bring new clients to the resort and improve the overall guest experience. This will also help us entice more group and conferencing business to the resort to increase mid-week occupancies.

For more information and informative videos of new developments at Club Mykonos, please follow us on Facebook or visit our website.

www.clubmykonos.co.za

FIVE-YEAR REVIEW

	2019 R	2018 R	2017 R	2016 R	2015 R
Operating results					
Revenue	**386 279 832**	317 575 672	301 203 051	132 644 204	103 116 465
Profit before tax	**60 976 141**	51 143 647	404 639 073	83 990 139	118 618 161
Earnings attributable to shareholders	**22 134 409**	35 657 351	291 777 201	49 503 688	95 235 458
Headline earnings attributable to shareholders	**4 296 232**	6 139 922	44 238 644	3 650 220	22 091 362
Statement of financial position summary					
Non-current assets	**2 105 720 972**	2 094 952 994	1 965 107 613	1 024 092 037	880 312 140
Current assets	**224 064 928**	200 404 225	268 516 168	166 571 895	194 722 654
Non-current assets held for sale	**37 770 760**	2 354 348	3 587 500	–	–
Total assets	**2 367 556 660**	2 297 711 567	2 237 211 281	1 190 663 932	1 075 034 794
Non-current liabilities	**1 144 675 174**	1 196 477 139	1 007 495 600	492 752 428	478 236 179
Current liabilities	**166 137 972**	77 774 703	275 386 564	96 689 138	54 269 936
Total liabilities	**1 310 813 146**	1 274 251 842	1 282 882 164	589 441 566	532 506 115
Shareholders' equity	**900 738 727**	880 057 381	850 304 454	556 190 492	509 647 721
Non-controlling interest	**156 004 787**	143 402 344	104 024 663	45 031 874	32 880 958
Total equity	**1 056 743 514**	1 023 459 725	954 329 117	601 222 366	542 528 679
Statistics					
Number of shares in issue	**218 970 557**	216 188 197	217 347 679	217 713 829	216 577 329
Net asset value per share (cents)	**411**	407	391	255	235
Intrinsic net asset value per share (cents)	**521**	468	431	368	362
Earnings per share (cents)	**10.2**	16.5	134.0	22.8	48.4
Headline earnings per share (cents)	**2.0**	2.8	20.3	1.7	11.2
Distributions per share (cents)	**5.25**	5.00	4.00	3.75	5.0*

* Includes a special distribution of 1.5 cents per share.


PIER PLACE
rca hotel
BUS
BUS
BUS

CORPORATE GOVERNANCE REVIEW

INTRODUCTION

The board of directors continues to subscribe to the values of good corporate governance and are committed to carrying on the business of the company with integrity and fairness and in accordance with the principles of sound corporate governance as contained in the King Code of Governance for South Africa ("King IV"). The group has endeavoured to apply the principles of King IV in a practical manner and continues to review its practices based on these principles.

BOARD COMPOSITION, STRUCTURE AND RESPONSIBILITIES

The board comprises eight directors, Messrs JP Fisher, K Getz, A Groll, R Lockhart-Ross, AM Louw, AJ Shapiro, R Stumpf and AL Winkler. Messrs A Groll, AJ Shapiro and AL Winkler are executive directors. All other directors are non-executive directors. Messrs JP Fisher, R Lockhart-Ross and AM Louw are independent directors.

Independent directors are considered to be independent in accordance with guidance indicated by the Companies Act and King IV. Independent directors do not participate in the share option scheme.

Directors are required to observe the highest ethical standards ensuring that business practices are conducted professionally and beyond reproach. The board has carried out a formal self-evaluation and is satisfied that the composition of the board reflects the appropriate mix of knowledge, skills, experience and independence.

There is a policy detailing the procedures for appointments to the board, which are formal and transparent, and a matter for the board as a whole. Due to the size of the company, there is no separate nomination committee. This function is fulfilled by the board as a whole as and when the need arises. The procedures for the appointment of directors include the review of curricula vitae and interviews by directors.

There is a clear division of responsibility at board level to ensure a balance of power and authority to ensure that no one individual has unfettered power of decision-making.

The board is responsible for identifying and managing investments, which will provide above-average returns to shareholders.

The chairman, Mr R Lockhart-Ross, is responsible for ensuring the effectiveness of governance practices within the group. Particular areas of responsibility for the chairman include guidance regarding strategic planning, relationships with principals and corporate relations.

The chief executive officer, chief financial officer and Mr A Groll are full-time employees of the company. There are no formal employment or service contracts.

The remuneration of directors is disclosed in note 25 of this Integrated Annual Report.

CHANGES TO THE BOARD OF DIRECTORS AND COMPANY SECRETARY

During the year, Mr M Kaplan resigned as chairman and non-executive director due to retirement. Messrs R Lockhart-Ross and K Getz were appointed as non-executive directors. Mr R Lockhart-Ross serves as chairman of the board.

Mrs S Litten resigned as company secretary to pursue other opportunities and Mr JJ Vos was appointed to replace her.

BOARD FUNCTIONING

Four board meetings, two audit and risk committee meetings, one social and ethics committee meeting and one remuneration committee meeting were held during the year. Investment committee meetings are held as and when they are required. (For a list of members, see General Information on the inside back cover). All meetings were convened timeously by formal notice incorporating a detailed agenda supported by relevant written proposals and detailed reports. Between such meetings a number of decisions were taken by written resolution as provided for in the company's Memorandum of Incorporation.

The board evaluates the effectiveness of the committees on an ongoing basis. Board members have ready and direct access to the company secretary in relation to the affairs of the group and are entitled to obtain independent professional advice regarding group matters at the group's expense. All members of the board are expected to contribute to ensuring that the group maintains high standards of corporate governance. On request, board members have access to group information, records, documents and property.

AUDIT AND RISK COMMITTEE

The audit and risk committee, which comprises three suitably qualified independent non-executive directors, being Messrs JP Fisher, R Lockhart-Ross and AM Louw, is responsible for ensuring that the group maintains adequate accounting records and functionally effective financial reporting and internal control systems and ensures compliance. It also ensures that published financial reports comply with relevant legislation, regulation and accounting practice and that group assets are safeguarded. The chairman of the board, Mr R Lockhart-Ross, is currently a member of the audit and risk committee. The board is of the opinion given Mr R Lockhart-Ross' extensive experience, having served on audit and risk committees of other companies and taking into account the current size of Trematon's operations, that Mr R Lockhart-Ross will continue serving on the audit and risk committee.

The audit and risk committee sets the principles for recommending the use of external auditors for non-audit services. Due to the size of the executive management structure it is not considered necessary to have an internal audit function. The audit and risk committee intends to review this function during the year. The report of the audit and risk committee for the year ended 31 August 2019 is set out on pages 46 and 47.

INVESTMENT COMMITTEE

The investment committee, which comprises two suitably qualified independent non-executive directors, two non-executive directors and three executive directors, being Messrs JP Fisher, K Getz, A Groll, R Lockhart-Ross, AJ Shapiro, R Stumpf and AL Winkler, is responsible for determining and recommending to the board the overall investment strategy of the group. It reviews investment proposals as presented by the executive directors and is tasked to implement these within the mandates prescribed by the board. The investment committee's authority level is currently R75 million. Expenditure and investments above this level require ratification by the full board. Capital expenditure up to R25 million may be undertaken by the executive directors. Meetings are held as and when required. A minimum of two non-executive directors must be present at the meeting.

REMUNERATION COMMITTEE

The remuneration committee, which comprises four suitably qualified non-executive directors, being Messrs K Getz, R Lockhart-Ross, AM Louw and R Stumpf, is responsible for ensuring that the group's remuneration policies are appropriate. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.

SOCIAL AND ETHICS COMMITTEE

The social and ethics committee comprises three directors, all of whom are non-executive directors. Executive directors attend by invitation in order to ensure the correct balance is achieved in terms of King IV. The members are Messrs JP Fisher, R Lockhart-Ross and AM Louw. The committee monitors the following functions as set out by the Companies Act:

- social and economic development;
- corporate citizenship;
- environment, health and public safety;
- consumer relationships; and
- labour and employment.

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period and there are no other key areas of focus for the committee besides the mandate of this committee which has been mentioned above.

ATTENDANCE

Board

Directors	Meetings attended
M Kaplan (Chairman)*	1
R Lockhart-Ross (Chairman)**	3
JP Fisher	4
K Getz**	3
A Groll	4
AM Louw	4
AJ Shapiro	3
R Stumpf	4
AL Winkler	4

Audit and risk committee

Members	Meetings attended
JP Fisher (Chairman)	2
M Kaplan*	1
R Lockhart-Ross**	1
AM Louw	2

Remuneration committee

Members	Meetings attended
AM Louw (Chairman)	1
K Getz**	1
R Lockhart-Ross**	1
R Stumpf	1

Social and ethics committee

Members	Meetings attended
JP Fisher (Chairman)	1
M Kaplan	1
AM Louw	1

* Resigned during the year.
** Appointed during the year.

Trematon's ability to be sustainable as a group depends on its ability to find, retain and develop its employees and this remains one of the most important objectives of the group. The group continues to create a supportive working environment in which employees are motivated to engage and contribute their best efforts to the group.

The group endeavours to attract, nurture and retain suitably qualified employees.

Management is committed to ensuring that there is no unfair discrimination in the workplace. There were no complaints reported or complaints that were in the process of being investigated in the reporting period.

During the year under review the categorisation of employees according to their workforce profile was as follows:

	Male				Female				
Occupational levels	**A**	**O**	**C**	**W**	**A**	**O**	**C**	**W**	**Total**
Executive directors and top management	0	0	0	7	0	0	0	0	**7**
Middle management	0	0	0	6	0	1	2	11	**20**
Skilled technical workers, junior management and supervisors	2	1	5	27	8	1	23	104	**171**
Semi-skilled and discretionary decision-making	12	1	20	3	49	2	20	37	**144**
Total permanent	**14**	**2**	**25**	**43**	**57**	**4**	**45**	**152**	**342**
Temporary employees	0	0	0	0	0	0	0	0	**0**
Total temporary	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand total	**14**	**2**	**25**	**43**	**57**	**4**	**45**	**152**	**342**

Key: A = African; O = Other; C = Coloured; W = White

GENDER AND RACE DIVERSITY

In terms of the JSE Listings Requirements, the board is required to have a policy on the promotion of gender and race diversity at board level. A formal policy has been established and is available on the group's website. The board is supportive of the need for, and importance of gender and race diversity and will be considering this when making new appointments to the board. The approach to gender and race diversity adopted by the board of the company shall be as follows:

- Should a vacancy on the board arise, or should there be a requirement for an additional board appointment, consideration will be given to the gender and race of the director(s) so as to attain and maintain a level of gender and race diversity within the board that is considered appropriate at the time, having due regard to the skills, expertise, experience and background required to fill any such board position(s), the availability of suitable candidates, the development potential of candidates and any additional requirements that may be necessary to ensure a mix of skills and experience on the board and its committees that will best serve the interests of the group and its stakeholders. The group was presented with the fortuitous opportunity to add two extremely experienced, trusted and competent board members. Due consideration was given to the need for gender and race diversity but it was felt the value to the group outweighed these considerations in the circumstances.
- Application of the policy in effecting new or replacement appointments to the board will be subject to the approval/ ratification of the shareholders of the company of such appointments at annual general meetings of the company.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The group continues to work with consultants to audit and assess the group's compliance with the Broad-Based Black Economic Empowerment Act No. 53 of 2003, read with the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013 and to expand on the group's strategy to ensure that the group is compliant with all relevant regulations and statutes. The group continues to be aware of empowerment and is committed to continuously work on improving empowerment within the group. Updates will be available on the group's website.

COMPANY SECRETARY

The company secretary performs the company secretarial function. Where necessary, external experts are consulted to ensure compliance with relevant legislation and rules pertaining to the group's operations. The board has evaluated and is of the opinion that the company secretary, Mr JJ Vos, who is a Chartered Accountant, has the requisite competence, knowledge and experience to carry out the duties of a company secretary of a public company, and in the performance of those duties, is able to maintain an arm's length relationship with members of the board. This evaluation took the form of a discussion during a meeting of the board, which considered his performance when appointed in March 2019 and his formal qualification. The board is of the opinion that the company secretary has adequately and effectively carried out his role and where necessary, consulted with external experts.

Stanhope Building, Claremont, Cape Town owned by Aria.

STAKEHOLDER COMMUNICATION

The group strives in its communications with stakeholders, particularly the investment community, to present a balanced and understandable assessment of the group's position.

Consequently, in its financial reporting, formal announcements, media releases, annual meetings, presentations and dialogue with analysts and institutional shareholders, the group's objectives are to be clear, open, prompt and balanced, and to be communicated in substance rather than in form.

INTERNAL CONTROL

The group strives to maintain internal controls of a standard aimed at ensuring that the systems of financial reporting contain complete, accurate and reliable information and safeguard the group's assets. The external auditors report to the audit committee and have ready access to the chairman of that committee and the directors. Due to the limited number of transactions, the group does not consider an internal audit function to be necessary.

Nothing has come to the attention of the directors to suggest that the accounting records and systems of internal control were not appropriate or satisfactory, neither has any material loss, exposure or misstatement arising from a material breakdown in the functioning of the systems of internal control or accounting been reported to the directors in respect of the period under review.

RISK MANAGEMENT

The group has minimised the risk of any external event occurring which would have a significant impact on the continuation of its activities. It has processes in place which ensure that the group could continue operationally, should such an event occur.

The directors are of the view that all insurable risks have been adequately covered.

DEALINGS IN COMPANY SHARES

The group has a written policy in terms of which dealings in the company's shares by directors and employees are prohibited during closed periods which commence on 31 August and 28 February and end after the public announcement of the group's annual or interim results.

Dealings by directors in the company's shares are notified to the JSE Limited in accordance with its requirements. Shares held by directors are disclosed in the Directors' Report on pages 52 and 53.

REMUNERATION REPORT

The group's remuneration policy, which is set out in part I of this report, and the implementation report, which is set out in part II of this report, will be proposed to shareholders for a non-binding advisory vote at the annual general meeting ("AGM") in January 2020.

PART I: REMUNERATION POLICY

Trematon operates in a highly competitive market environment and recognises the critical role that remuneration plays in attracting, retaining and motivating talented people through rewarding individual and business contribution, and encouraging superior performance.

The group's remuneration philosophy is based on the following principles:

- Remuneration supports the group's strategies and is consistent with the organisation's culture of fairness and equity.
- Remuneration directly correlates with the growth objectives and financial performance targets, and actual achievements of the group.
- Remuneration is regularly reviewed and independently benchmarked to ensure the group remains competitive in the diverse markets in which it operates.
- Remuneration allows for differentiation to reward higher performers.
- Individual contribution has a direct bearing on the levels of remuneration.

In applying this philosophy to remuneration practices, the group aims to be market competitive and to ensure that performance management plays an integral part of remuneration to influence the level of base pay and incentives; and that good governance is observed in relation to all remuneration practices.

Executive directors' remuneration

Trematon's executive remuneration structure comprises both guaranteed and variable remuneration. Variable remuneration includes the annual short-term incentive bonus scheme and long-term incentive scheme which was approved by shareholders at the AGM held in January 2018.

The remuneration paid to executive directors is disclosed in note 25.

Guaranteed remuneration

Executive directors, along with all employees, receive guaranteed packages. These guaranteed packages are reviewed annually in August. Salaries are set in relation to the scope and nature of an individual's role, experience and performance, to ensure market competitiveness and sustainable performance. The average salary increase for the executive directors for the 2019 financial year was 5%.

Variable remuneration

- **Short-term incentive scheme**

  All employees participate in an annual performance bonus scheme to reward the achievement of agreed financial, strategic and personal performance objectives.

  Bonus payments for executive directors are based on the achievement of increased intrinsic net asset value after a minimum of 8% growth is achieved over the prior year.

  Bonus payments to staff are based on the achievement of personal key performance indicators as measured in the formal review process. Qualifying staff receive a bonus which is paid in December.

  A total of R2.3 million (2018: R2.5 million) was paid out to participants in the short-term bonus scheme for the reporting period.

- **Long-term incentive scheme**

  The long-term incentive scheme referred to above is aimed at promoting sustainable long-term performance and retaining highly skilled and experienced executives.

Executive service conditions

There are no fixed-term service contracts.

Non-executive directors' fees

Non-executive directors receive fees for serving on the board and board committees. None of the non-executive directors have service contracts with the group and no consultancy fees were paid to directors during the year. In line with best governance practice, non-executive directors do not participate in incentive schemes.

The proposed fees for the 2020 financial year, which are subject to approval by shareholders at the forthcoming AGM in January 2020, are included in the notice of AGM on page 121.

Remuneration governance

The remuneration committee ("the committee") is responsible for oversight of the group's remuneration philosophy and pay practices. The committee ensures the remuneration policy is aligned with the group's strategic objectives and goals, determines the remuneration of executive directors and proposes fees for non-executive directors for shareholder approval.

The committee operates under formal board-approved terms of reference and is required to meet at least once annually.

At year-end the committee comprised independent non-executive directors Messrs AM Louw (chairman) and R Lockhart-Ross, and non-executive directors Messrs K Getz and R Stumpf. The chief executive officer and chief financial officer are invitees to the committee (if required). The composition of the committee will be reassessed in the 2020 year in order to ensure that the majority of members are independent.

PART II: IMPLEMENTATION OF REMUNERATION POLICY

DIRECTORS' REMUNERATION

Executive directors

Executive directors	Basic salary R	Taxable benefits R	Short-term incentive bonus R	Share-based payment R	Total R
2019					
AJ Shapiro	**2 947 560**	**31 443**	**878 833**	**1 647 223**	**5 505 059**
A Groll	**1 897 440**	**20 830**	**564 911**	**1 146 997**	**3 630 178**
AL Winkler	**1 757 040**	**18 780**	**546 167**	**879 081**	**3 201 068**
Total	**6 602 040**	**71 053**	**1 989 911**	**3 673 301**	**12 336 305**
2018					
AJ Shapiro	2 811 960	35 673	926 342	1 548 441	5 322 416
A Groll	1 810 440	21 364	595 505	1 210 684	3 637 993
AL Winkler	1 677 240	23 182	549 745	728 772	2 978 939
Total	6 299 640	80 219	2 071 592	3 487 897	11 939 348

	Directors' fees	
Non-executive directors	**2019 R**	2018 R
M Kaplan*	**199 500**	458 000
R Lockhart-Ross**	**307 335**	–
JP Fisher	**233 100**	222 000
K Getz**	**183 540**	–
AM Louw	**241 500**	230 000
R Stumpf	**211 962**	200 700
Total	**1 376 937**	1 110 700

* Retired during the year.
** Appointed to the board during the year.

Total directors' remuneration	2019 R	2018 R
Executive directors	**12 336 305**	11 939 348
Non-executive directors	**1 376 937**	1 110 700
Total	**13 713 242**	13 050 048

The remuneration policy and implementation report set out above are proposed to shareholders in separate non-binding advisory votes in terms of the notice of annual general meeting. In the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the votes exercised at the annual general meeting, the board of directors will engage with such shareholders in order to clarify the nature of and evaluate the validity of such objections, and will, where possible and prudent, given the objectives of the remuneration policy, take those objections into consideration when formulating any amendments to the group's remuneration policy and implementation report in the following financial year.

KING IV APPLICATION REGISTER

The purpose of this register is to provide an overview of the application by Trematon of the principles contained in the King Report on Corporate Governance 2016.

Principle		Application/Explanation
1.	**The governing body should lead ethically and effectively.**	**Ethics** The board of directors of Trematon constitutes the governing body and the directors hold one another accountable for decision-making and ethical behaviour. The responsibilities of the board include providing effective leadership based on an ethical foundation. The board has adopted a code of ethics which is applicable across the group. The board's responsibility for setting the tone for an ethical organisational culture across the group is discharged by the group and corporate level governance, monitoring and reporting systems and structures in place, as detailed in the Corporate Governance Report. Board members are under a legal duty to prevent conflicts of interest with the group and are obliged to make full disclosure of any areas or potential areas of conflict prior to any consideration or discussion by the board of such items and may not take part in any discussions on such matters, being obliged to recuse themselves from any board meeting while such discussions are in progress. Disclosures of other directorships are tabled at the start of each board meeting and this is a standard agenda item. **Effectiveness** To ensure that the company's leadership is effective, board, committee or senior executive appointments are proposed to the board to ensure an appropriate mix of skills and independence of thought. Board members collectively possess a wide range of financial, commercial and technical knowledge, together with experience in the industries within which the group operates.
2.	**The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.**	The ultimate responsibility for the governance of ethics rests with the board. The board serves as the focal point and custodian of corporate governance for the group. The board commits to the Constitution of the Republic of South Africa and accepts the principles of fairness, accountability, integrity and transparency. The board strives, as a minimum, to ensure compliance with all applicable legislation and regulations, leading standards and with its own code of ethics. The board is assisted in governing the ethics of the organisation by the social and ethics committee. The board, assisted by its committees, is committed to maintaining an ethical culture, on transformation within the group, on fair, transparent and responsible remuneration and on the continued development and training of its employees. The board has adopted a zero-tolerance approach to fraud and the appropriate remedial action is taken should there be found to be any substance to any matter reported. Through the social and ethics committee, the board adopted the principles of the United Nations Global Compact in the areas of human rights, labour, the environment and anti-corruption, as well as promoting economic and social well-being of people. The policy on price-sensitive information and insider trading was renewed and the declarations of interest policy allows for the governing of conflicts of interest. Planned areas of future focus will include the continued training of employees to ensure that the group embeds a culture of ethical behaviour in all of its operations and at all levels.

Principle		Application/Explanation
3.	The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	It is the responsibility of the board to ensure that the consequences of the group's activities do not adversely affect its status as a responsible corporate citizen in the areas of the workplace and the economies of the geographical areas within which it operates, with due regard to social and environmental issues. During the period under review there were no material fines or penalties incurred which needed to be brought to the attention of stakeholders. The group has adopted a corporate social investment policy which is overseen by the social and ethics committee. Key considerations of the social and ethics committee and remuneration committee during the review period included transformative considerations and employment equity. The group will continue to consider its responsibilities in the areas of the workplace, the economy, society in general and the environment; all being key inter-related factors in ensuring the sustainability of the group's businesses.
4.	The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value-creation process.	The directors individually and collectively assist the group to realise its strategic objectives, to manage the risks and opportunities that could threaten or enhance the group's ability to provide sustainable long-term growth to stakeholders, to maintain and enhance efficiencies within the group's businesses and to support the people who rely on its businesses. The sustainability of the group's businesses is a key consideration in the development and implementation of the group's business model, supported by formal policies governing environmental, corporate social investment, ethical and remuneration matters, all of which form key components of the value-creation process and are effective in ensuring the long-term sustainability of the group. Management has the responsibility of formulating and developing the short, medium and long-term strategy at divisional levels. Divisional strategic plans and budgets are presented to the board and any risks and opportunities are identified and considered as part of this process within which the group operates.
5.	The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects.	The board assumes responsibility for the integrity and transparency of the group's reporting and, assisted by the audit and risk committee and the external auditors, oversees the issue of the group's annual financial statements and Integrated Reports. The Integrated Report provides stakeholders with information relating to the group's performance. Information is also made available to stakeholders via investor presentations the electronic news service of the JSE Limited ("SENS") announcements which are also available on the group's website at www.trematon.co.za. The publication of external reports and press releases, including SENS, requires the prior approval of the chief executive officer, chief financial officer or as may be otherwise instructed.
6.	The governing body should serve as the focal point and custodian of the corporate governance in the organisation.	The board charter documents the board's role and responsibilities, including the focal role of setting the strategic direction of the group, approving policies and plans to give effect thereto, oversight and monitoring of the implementation of policies and plans by management together with reporting and disclosure. Although, to accommodate the diversity of the group's operations, certain policies may be set at divisional level, all policies are subject to compliance with the over-arching policies set at board level. The board is supported by the committee and management reporting structures detailed in the Corporate Governance Report but remains ultimately responsible for corporate governance in the group and for the appropriate and transparent reporting of corporate governance.

Principle		Application/Explanation
7.	**The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**	The names of the board members during the review period, together with details of their age, qualifications, knowledge, skills and experience are disclosed in the Integrated Report. King IV requires that the majority of directors shall be non-executive directors, the majority of whom shall qualify as independent and this requirement has been met. The independence of the non-executive directors is reviewed on an annual basis by the board against the criteria stipulated in King IV. A chief executive officer and chief financial officer have been appointed to the board. The process for nomination, election and appointment of board members is formal and transparent, as outlined in the Corporate Governance Report The board, as a whole considers and, if appropriate, approves recommendations, subject to shareholder approval. New directors appointed to the board are given an appropriate induction into the business and affairs of the group and into the responsibilities of any committee(s) on which they may be appointed to serve. The board has carried out a formal self-evaluation and is satisfied that the composition of the board reflects the appropriate mix of knowledge, skills, experience and independence.
8.	**The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.**	The board has adopted a decentralised structure with defined accountability levels and reporting lines set at divisional level. Divisional management boards, supported by all divisional executive committees promote independent judgement and assist the board with the effective discharge of its duties. Meetings of the divisional boards and committees are formally minuted. Standing board committees have been established, under written terms of reference, in accordance with statutory requirements. These committees assist the board to effectively discharge its duties. The composition of these standing committees ensures that there is an appropriate balance of power, that an independent perspective is brought to board deliberations and that no single director has unfettered powers. The standing committees of the board, which are reported on more fully in the Corporate Governance Report are: • the audit and risk committee; • the social and ethics committee; • the remuneration committee; and • the investment committee.
9.	**The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.**	The board, the audit and risk committee, the social and ethics committee, the remuneration committee and the investment committee conduct annual assessments as disclosed in the Corporate Governance Report. Items identified for improvement are discussed and followed up to ensure the implementation of recommended actions. An assessment of the suitability and effectiveness of the chief financial officer is conducted annually by the audit and risk committee and is confirmed in the audit and risk committee's report in the annual financial statements. The suitability and effectiveness of the company secretary is reviewed by the board on an annual basis. The appointment of the chairman is reviewed by the board on an annual basis.

Principle	Application/Explanation
10. The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The chief executive officer has a clearly defined role and is responsible for the implementation and execution of the board's strategy, policies and proposals presented to and approved by the board. To provide continuity of executive leadership, succession planning is in place for the chief executive officer, executive management and other key positions. Succession plans are regularly reviewed to provide for succession in both emergency situations and over the longer term. The chief executives of the group's divisions operate under clearly defined guidelines. The company has appointed Mr JJ Vos as company secretary to provide professional corporate governance services to the company. The company secretary reports to the board on all statutory, regulatory and governance matters concerning the group and to the chief financial officer on all other duties and administrative matters. The performance and independence of the company secretary is evaluated by the board on an annual basis and the board has satisfied itself as to the appropriateness of this appointment and as to the arm's length nature of this appointment. In instances where delegation has taken place to management or committees, pre-approved materiality levels and terms of references apply. Although the board has delegated certain powers and authorities to executive management and to board committees, the ultimate responsibility for retaining full and effective control of the group rests with the board. Decisions on strategy and other material matters are reserved for the board and there is a clear delineation of power between the board and management at all times.
11. The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The board assumes responsibility for the governance of risk by setting the direction for how risk is to be approached and addressed across the group in order to achieve its strategic objectives. Without derogating from its overall responsibility for risk management, the board delegates the implementation and execution of effective risk management to divisional management. The board exercises oversight of risk via inter alia: • the establishment of an audit and risk committee at group level; • the establishment of an investment committee at group level; and • due diligence processes to evaluate and understand risks and opportunities that acquisition and/or disposal proposals may contain. The formalised reporting structures established across the group ensure that the board receives regular risk reports from the divisional management, which considers the risks that could impact their division. The risk reports, which are updated on a regular basis, categorise the estimated impact and likelihood of the risks identified by each division, differentiating between residual risks and inherent risks and advising the board of the controls established/remedial action taken at divisional level to mitigate the risks identified. Responsibility for effective risk management is spread across the group's workforce and management. The group risk function assists the board to oversee the risk management processes within the group and the audit and risk committee plays an integral oversight role in ensuring the ongoing effectiveness of these processes. The audit and risk committee assists the board by providing an independent and objective view on the group's financial, accounting and control mechanisms and policies, information systems and internal controls, the going concern status of the group and compliance with all relevant statutory and regulatory requirements. The chief executive officers of the divisions/operations are responsible for the management of risk.

Principle		Application/Explanation
12.	**The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.**	The board is responsible for the governance of information, communications and technology ("ICT"), which is a key factor in the board setting and achieving its strategic objectives. It is assisted by the audit and risk committee which reviews ICT risks. Subject to compliance with over-arching policies and directives set at group level, divisional executives are responsible for: • aligning divisional ICT with the performance and sustainability objectives of the group; • establishing and maintaining strict standards of corporate conduct relating to the use of ICT including compliance with ICT legislation and relevant regulations such as legislation to protect the privacy of personal information; • monitoring, assessing and managing the security of information in the division. External specialists are used where independent ICT services are required and a risk review of the group's ICT platforms has been conducted using external specialists; and • ensuring that business resilience arrangements are in place to allow for the business to continue in the event of significant incidents and disruptions to ICT systems.
13.	**The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen.**	Responsibility for the implementation and execution of effective compliance management is delegated by the board to management. The board, however, retains ultimate responsibility for compliance with applicable laws, adopted non-binding rules, codes and standards. Through its divisionalised board, committee and reporting structures, the board and the audit and risk committee will be apprised of any incidences of non-compliance with legislative and regulatory requirements and/or internal compliance benchmarks set by the group. Divisional management are required to highlight any areas of non-compliance with the legislative or regulatory requirements applicable to the activities of their division which need to be addressed. Any material incidences of non-compliance and/or significant fines or penalties incurred are reported to the board and/or the audit and risk committee of the board to ensure that appropriate remedial action is taken. Relevant new legislation or regulations introduced from time to time are brought to the attention of the respective board and committee members to ensure that compliance requirements are kept up to date. Should any material or repeated regulatory penalties, sanctions or fines for non-compliance with the group's statutory obligations be incurred, or should the group face criminal sanction or prosecution in respect thereof, details will be disclosed in the company's Integrated Report. During the review period, there were no material findings of non-compliance with applicable legislation or regulations and there were no criminal sanctions or prosecutions. Given the diversity of the group's operations and of the legislation and regulations attaching thereto, there were no particular areas of focus during the review period, other than to ensure that the group continues to operate as a responsible corporate citizen.

Principle	Application/Explanation
14. The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The board assumes responsibility for the governance of remuneration and sets the direction for remuneration across the group. The board has appointed a remuneration committee to ensure that the group's executives and managers are fairly rewarded for their individual and joint contributions to the group's performance and that the group remunerates fairly, responsibly and transparently in the context of overall remuneration in the group to enable the group to achieve its strategic objectives and to secure positive outcomes in the short, medium and long term. To this end, the board has approved a Remuneration Policy. The main provisions of this policy are disclosed in the company's Integrated Report, together with a background statement and an implementation report. The remuneration policy, together with the implementation report, will be presented to shareholders at the company's annual general meeting to be held on 29 January 2020 for a non-binding, advisory vote by shareholders. Voting at annual general meetings on the remuneration policy and implementation report and any required actions flowing from the exercise by shareholders of their votes, will be conducted in compliance with the requirements of the Companies Act No. 71 of 2008, the Listings Requirements of the JSE Limited and King IV. Directors' remuneration has been disclosed comprehensively in the group's annual financial statements.
15. The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The board sets the direction for assurance services and functions but the responsibility for overseeing such arrangements is delegated to the audit and risk committee, which is charged with supporting the integrity of information for internal decision-making use and for external reports. A combined assurance model has been developed and formally implemented across the group to effectively cover the group's significant risks and material matters. The model includes but is not be limited to the group's established risk management and compliance functions and the external auditors, together with such other external assurance providers as may be appropriate or deemed necessary from time to time, including the company secretary, this provides assurance on aspects of corporate governance and a JSE sponsor which advises on the JSE Listings Requirements. The audit and risk committee has satisfied itself as to the independence of the external auditor.
16. In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The board determines the direction on stakeholder relationships and delegates to management the responsibility for implementation and execution thereof. Future areas of focus will include the following ongoing practices: • overseeing methodologies for identifying individual stakeholders and stakeholder groupings; and • continued promotion of sound stakeholder relationships by encouraging engagement with material stakeholders. Stakeholders are kept apprised of the group's performance by publication of the Integrated Report, the interim and year-end results announcements and, should these be required, trading updates. The remuneration policy and the corporate social investment policy have been designed to balance the needs, interests and expectations of material stakeholders in the best interests of the group over time.

2019

TREMATON

ANNUAL FINANCIAL STATEMENTS

REPORT OF THE AUDIT AND RISK COMMITTEE

ROLE OF THE COMMITTEE

The audit and risk committee's operation is guided by a formal detailed charter that is in line with the Companies Act, No. 71 of 2008 of South Africa ("the Companies Act") and has been approved by the board. The committee has discharged all its responsibilities as contained in the charter.

The committee is pleased to present its report for the financial year ended 31 August 2019 as recommended by the King Report on Corporate Governance for South Africa and in line with the Companies Act.

OBJECTIVE AND SCOPE

The overall objectives of the committee are as follows:

- To review the principles, policies and practices adopted in the preparation of the financial statements of companies in the group and to ensure that the financial statements of the group and any other formal announcements relating to the financial performance comply with all statutory and regulatory requirements as may be required.
- To annually assess the appointment of the external auditors and confirm their independence, recommend their appointment to the annual general meeting and approve their fees.
- To review the work of the group's external auditors to ensure the adequacy and effectiveness of the group's financial, operating compliance and risk management controls.
- To ensure that all financial information contained in any consolidated submissions to Trematon is suitable for inclusion in its consolidated financial statements in respect of any reporting period.
- To review the management of risk and the monitoring of compliance effectiveness within the group.
- To perform duties that are attributed to it by its mandate from the board, the Companies Act, the JSE Limited and regulatory requirements.

During the year under review, the committee:

- Considered, on an annual basis, and satisfied itself of the appropriateness of the expertise and experience of the financial director.
- Ensured that the group has established appropriate financial reporting procedures and that those procedures are operating.
- Requested from the audit firm and if necessary consulted with the audit firm on the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in its assessment of the suitability for appointment of the audit firm.
- Received and reviewed reports from the external auditors concerning the effectiveness of the internal control environment, systems and processes.
- Considered the independence and objectivity of the external auditors and ensured that the scope of any additional services provided was not such that they could be seen to have impaired their independence.
- Reviewed and recommended for adoption by the board, such financial information that is publicly disclosed, which for the year included the consolidated financial statements for the year ended 31 August 2019.
- Reviewed the findings raised by the JSE Limited in their systematic review of IFRS 15 and IFRS 9. Corrective action was taken where necessary.

The audit and risk committee confirms that it has executed its responsibilities as set out above during the year under review and that no material weaknesses in specific controls were identified.

COMPOSITION OF THE COMMITTEE

The three members of the audit and risk committee are all non-executive directors of the company who act independently as described in section 94 of the Companies Act.

The board is satisfied that these members have the required knowledge and experience as set out in section 94(5) of the Companies Act. The re-appointment of committee members will be a matter for consideration by shareholders at the forthcoming annual general meeting. The chairman of the board, Mr R Lockhart-Ross, is currently a member of the audit and risk committee. The board is of the opinion given Mr R Lockhart-Ross' extensive experience, having served on audit and risk committees of other companies and taking into account the current size of Trematon's operations, that Mr R Lockhart-Ross will continue serving on the audit and risk committee.

MEETINGS

The committee performs the duties required of it by section 94(7) of the Companies Act by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

Two formal meetings were held by the committee during the year under review.

EXTERNAL AUDIT

The committee has satisfied itself through enquiry that the auditors of Trematon and its subsidiaries are independent as defined by the Companies Act. The committee, in consultation with executive management, has agreed to the audit fee for the 2019 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

There is a formal policy that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement letter for such work is reviewed in accordance with this set policy and attendant procedures.

The committee has reviewed the performance of the external auditors and has nominated, for approval by shareholders at the forthcoming annual general meeting, Mazars, an eligible registered auditor, as the external auditor for the 2020 financial year, with Yolandie Ferreira, a registered auditor and partner of Mazars, as the individual who will undertake the audit. Upon appointment at the forthcoming annual general meeting, this will be Yolandie Ferriera's fifth year and Mazars' ninth year of performing the external audit of the company.

The committee has reviewed the firm's and engagement partner's quality reports and have considered the performance and quality to be satisfactory.

KEY AUDIT MATTERS

The committee notes the key audit matters set out in the independent auditor's report, which is:

- Valuation of investment properties

The committee has considered and evaluated this matter and is satisfied that it is represented correctly.

ACCOUNTING PRACTICES AND INTERNAL CONTROL

Internal controls and systems have been designed to provide reasonable assurance as to the integrity and reliability of the financial information represented in the financial statements, and to safeguard, verify and maintain the assets of the group. Nothing has come to the attention of the committee to indicate that any material breakdown in the functioning of the group's key internal control systems has occurred during the year under review. The committee considers the group's accounting policies, practices and financial statements to be appropriate. The audit committee has reviewed the JSE proactive monitoring review findings and has considered making corrections/adjustments where applicable.

FINANCIAL STATEMENTS

The audit and risk committee has evaluated the consolidated financial statements for the year ended 31 August 2019 and considers that they comply, in all material aspects, with the requirements of the Companies Act and International Financial Reporting Standards. The committee has therefore recommended the financial statements for approval to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.

EVALUATION OF CHIEF FINANCIAL OFFICER

As required by JSE Listing Requirement 3.84(h), as well as the recommended practices as per King IV, the committee has assessed the competence and performance of the group chief financial officer and believes that he possesses the appropriate expertise and experience to meet his responsibilities in that position. The committee is satisfied with the expertise and adequacy of resources within the finance function and the experience of financial staff in this function.

Fisher

JP Fisher
Audit and Risk Committee Chairman

8 November 2019

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors of the company are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of Trematon Capital Investments Limited, comprising the statements of financial position at 31 August 2019, and the statements of comprehensive income, the statements of changes in equity and statements of cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report, in accordance with International Financial Reporting Standards, the JSE Limited Listings Requirements, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group and the company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The external auditors are responsible for independently auditing and reporting on the group annual financial statements and company financial statements in conformity with International Standards on Auditing.

APPROVAL OF THE GROUP ANNUAL FINANCIAL STATEMENTS AND SEPARATE PARENT ANNUAL FINANCIAL STATEMENTS

The group annual financial statements and annual financial statements of Trematon Capital Investments Limited were approved by the board of directors on 8 November 2019 and are signed on their behalf by:

R Lockhart-Ross
Chairman

AJ Shapiro
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 2008, that for the year ended 31 August 2019, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required by a public company in terms of this Act and that all such returns are true, correct and up to date.

JJ Vos
Company Secretary

8 November 2019

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Trematon Capital Investments Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Trematon Capital Investments Limited (the group) set out on pages 56 to 115, which comprise the consolidated and separate statement of financial position as at 31 August 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statement of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 August 2019, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group and company in accordance with sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. All key audit matters relate to the consolidated financial statements.

Matter	Audit response
Valuation of investment properties (Note 4) The group's accounting policy in note 2(g) of the consolidated and separate financial statements indicates that investment property is initially measured at cost and subsequently measured at fair value. The property's valuation takes into account property-specific information such as the current tenancy agreements and rental income. Inputs used by management to determine the final valuation include reversionary capitalisation rates, discount rates and recent sales information. The valuation of the Group's investment properties, as detailed in note 31 of the consolidated and separate financial statements, involves significant judgements made by management, particularly in the selection of valuation models, the inputs to those models and current market conditions. The significance of the estimates and judgements involved including the high number of individual estimates performed warrants specific audit attention.	We performed substantive tests of detail on investment properties to assess whether the fair value of income generating investment property is reasonable. These include the following: • agreeing the valuation of all revalued investment properties to valuation reports prepared by the directors; • recalculating specific valuation workings; • assessing whether the valuation approach for each external valuation is in terms of the requirements of IFRS; • obtaining comfort over the accuracy and appropriateness of the valuations through substantive audit procedures such as assessing the key assumptions used in determining the fair value of investment properties, including: comparing the rental income to actual results, comparing discount rates used to available industry data for available investment properties and comparing property valuations to recent comparable sales of investment property; • assessing whether directors have properly considered the appropriateness of valuation assumptions used; and • assessing the adequacy of disclosures in the consolidated and separate financial statements relating to the investment property portfolio held. Having performed our audit procedures and evaluating the outcomes thereof we concluded that our audit procedures appropriately address the key audit matter.

INDEPENDENT AUDITOR'S REPORT

(continued)

Other information

The directors are responsible for the other information. The other information comprises the Director's Report, the Audit Committee's Report, the Company Secretary's Certificate, as required by the Companies Act of South Africa, the Analysis of Shareholders and the Integrated Annual Report, which we obtained prior to the date of this report. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and/or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Trematon Capital Investments Limited for nine years.

Mazars
Registered Auditors
Partner: Yolandie Ferreira
Registered Auditor

Cape Town
28 November 2019

DIRECTORS' REPORT

The directors submit their report for the year ended 31 August 2019.

CORPORATE INFORMATION

Trematon Capital Investments Limited (the "company" or "Trematon") is a company domiciled in South Africa. The consolidated financial statements as at and for the year ended 31 August 2019 comprise the company and its subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in associates and joint ventures.

REVIEW OF ACTIVITIES

The group is an investment group with investments, subsidiaries, joint ventures and associates engaged primarily in property, leisure and education. The primary aim of the group is to generate superior risk-adjusted long-term returns for its shareholders. The group operates in South Africa.

The operating results and state of affairs of the group are fully set out in the attached annual financial statements and do not, in our opinion, require any further comment.

DIRECTORS' INTEREST IN SHARES AND CONVERTIBLE DEBENTURES

Directors' interest in shares

	2019			2018		
	Direct beneficial	**Indirect beneficial**	**Total**	Direct beneficial	Indirect beneficial	Total
Executive						
A Groll	**681 811**	**47 309 878**	**47 991 689**	–	46 750 000	46 750 000
AJ Shapiro	**1 060 590**	**9 350 243**	**10 410 833**	–	9 250 243	9 250 243
AL Winkler	**609 389**	**–**	**609 389**	–	–	–
Non-executive						
AM Louw	**–**	**463 626**	**463 626**	–	463 626	463 626
R Stumpf	**–**	**10 399 808**	**10 399 808**	–	10 399 808	10 399 808
K Getz	**114 865**	**–**	**114 865**	–	–	–
R Lockhart-Ross	**–**	**–**	**–**	–	–	–
JP Fisher	**–**	**–**	**–**	–	–	–
M Kaplan	**–**	**–**	**–**	–	500 000	500 000
	2 466 655	**67 523 555**	**69 990 210**	–	67 363 677	67 363 677

Directors' interest in convertible debentures

The executive directors participate in a share scheme by way of convertible debentures being issued that are convertible to ordinary shares after a minimum period of three years.

	Balance at the beginning of the year	**Convertible debentures issued**	**Convertible debentures converted**	**Balance at the end of the year**
Executive				
A Groll	**7 897 589**	**–**	**–**	**7 897 589**
AJ Shapiro	**7 897 589**	**–**	**–**	**7 897 589**
AL Winkler	**876 777**	**–**	**–**	**876 777**
Total	**16 671 955**	**–**	**–**	**16 671 955**

Directors' interest in share grants

The executive directors participate in a share scheme by way of share grants being issued in terms of the group's remuneration policy which vest after a minimum period of three years. The balance at the end of the year represents shares issued in terms of the share scheme. Trading in these shares is restricted until the end of the vesting period.

	Balance at the beginning of the year	Share grants awarded	Share grants vested	Balance at the end of the year
Executive				
A Groll	480 627	201 184	–	681 811
AJ Shapiro	747 637	312 953	–	1 060 590
AL Winkler	423 664	185 725	–	609 389
Total	1 651 928	699 862	–	2 351 790

In terms of the share incentive scheme, scheme shares were granted to directors after year-end. Refer to subsequent events note 37 for further information.

There have been no other changes in the directors' interests in shares and/or convertible debentures between 31 August 2019 and the date of this report.

ACCOUNTING POLICIES

IFRS 9 and IFRS 15 were adopted and applied in the current financial year. IFRS 9 was not retrospectively applied. Other than the adoption of IFRS 9 and IFRS 15, the accounting policies have been applied consistently to all periods presented in these results.

ISSUE OF SHARES

2 826 231 shares were issued by the company during the current year (2018: 351 723 shares issued).

BORROWING LIMITATIONS

The borrowing powers of the company are unlimited in terms of the Memorandum of Incorporation.

SPECIAL RESOLUTIONS

The following special resolutions considered at the annual general meeting held on 30 January 2019 as proposed in the annual report for the 2018 financial year were passed:

Special resolution number 1: Financial assistance for subscription of securities – To authorise the directors of the company, in terms of section 44 of the Act, to provide direct or indirect financial assistance by way of loans, guarantees, the provision of security or otherwise to any person (as defined by the Act) for the purposes of, or in connection with, the subscription of any option or any securities (as such term is defined in the Act), issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company;

Special resolution number 2: Financial assistance – To authorise the directors of the company, in terms of section 45 of the Act, to cause the company to provide any direct or indirect financial assistance to any director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person (as defined in the Act) related to any such company (including the company), corporation, director, prescribed officer or member;

Special resolution number 3: General authority to repurchase shares – To authorise the company or any of its subsidiaries to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide; and

Special resolution 4: The authority to pay non-executive directors' fees – Non-executive directors' fees paid for the period ended 31 August 2018, and further that the non-executive directors' fees proposed for the period from 1 September 2018 until 31 August 2019 were approved.

CAPITAL DISTRIBUTION

On 8 November 2019, subsequent to year-end, the board of directors declared a capital distribution of 5.50 cents per share (2018: 5.25 cents) as a return of contributed tax capital to shareholders recorded in the share register of the company at the close of business on Friday, 13 December 2019.

In compliance with IAS 10 – *Events after the Reporting Date*, the capital distribution will only be accounted for in the financial statements in the year ending 31 August 2020.

The directors have reasonably concluded that the company will satisfy the solvency and liquidity requirements of sections 4 and 46 of the Companies Act, 2008, immediately after the capital distribution.

Future distributions will be decided on a year-to-year basis.

The amount payable to shareholders is R12 million, being 5.50 cents per share, based on the current number of 218 970 557 shares in issue.

Income tax reference number of Trematon Capital Investments Limited is 9340/323/84/0.

DIRECTORS' REPORT
(continued)

Last date to trade:	Tuesday, 10 December 2019
Ex-date:	Wednesday, 11 December 2019
Record date:	Friday, 13 December 2019
Payment date:	Tuesday, 17 December 2019

Share certificates may not be dematerialised or rematerialised between Wednesday, 11 December 2019 and Friday, 13 December 2019, both days inclusive.

DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

Name
Executive directors
AJ Shapiro (Chief Executive Officer)
AL Winkler (Chief Financial Officer)
A Groll
Non-executive directors
R Lockhart-Ross (Independent Chairman – appointed 3 December 2018)
M Kaplan (Independent Chairman – retired 31 January 2019)
AM Louw (Independent)
JP Fisher (Independent)
K Getz (appointed 3 December 2018)
R Stumpf

SUBSEQUENT EVENTS

Subsequent to year-end 895 075 scheme shares were granted to directors amounting to R2.4 million.

Aria Property Group (Pty) Limited, a 60%-held subsidiary of Trematon entered into a sale agreement before year-end for the property known as Glenashley Views which was disposed of after year-end. Refer to note 4.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report.

GOING CONCERN

The annual financial statements contained in this annual report have been prepared on a going concern basis as the directors have every reason to believe that the company and the group have adequate resources to continue in operation for the year ahead.

AUDITOR

Mazars will continue in office as external auditors of the company in accordance with section 90 of the Companies Act No. 71 of 2008.

Cape Town
8 November 2019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STATEMENTS OF FINANCIAL POSITION

at 31 August 2019

	Notes	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
ASSETS					
Non-current assets					
Property, plant and equipment	3	**242 984 087**	150 490 013	**–**	–
Investment properties	4	**1 659 732 822**	1 702 316 487	**–**	–
Investments in subsidiaries	5	**–**	–	**20**	20
Investments	6.1	**107**	107	**–**	–
Investments in joint ventures	6.2	**24 563 182**	94 847 892	**–**	–
Investments in associate entities	6.3	**103 071 814**	88 472 826	**–**	–
Loans to group companies	7	**–**	–	**115 989 547**	100 440 562
Deferred tax asset	8	**15 147 454**	3 413 346	**–**	–
Loans receivable	9	**60 221 506**	55 412 323	**–**	–
		2 105 720 972	2 094 952 994	**115 989 567**	100 440 582
Current assets					
Investments	6.4	**6 773 170**	10 603 059	**–**	–
Loans receivable	9	**9 698 951**	20 575 415	**–**	–
Trade and other receivables	10	**14 930 578**	19 405 865	**–**	–
Loans to group companies	7	**–**	–	**109 670 629**	99 564 011
Inventories	11	**45 630 431**	50 777 415	**–**	–
Cash and cash equivalents	12	**146 433 357**	99 042 471	**355 606**	8 428 585
Current tax assets		**598 441**	–	**–**	–
		224 064 928	200 404 225	**110 026 235**	107 992 596
Non-current assets held for sale	4	**37 770 760**	2 354 348	**–**	–
Total assets		**2 367 556 660**	2 297 711 567	**226 015 802**	208 433 178
EQUITY AND LIABILITIES					
Equity					
Share capital and share premium	13	**290 296 156**	293 496 542	**290 296 156**	293 496 542
Treasury shares	13	**–**	(136 900)	**–**	(136 900)
Share-based payment reserve	14	**11 769 389**	15 681 195	**11 769 389**	15 681 195
Convertible debentures	15	**–**	–	**30 742 072**	30 742 072
Fair value reserve	16	**33 353 081**	31 073 315	**–**	–
Foreign currency translation reserve		**6 975 901**	3 733 438	**–**	–
Accumulated profit/(loss)		**558 344 200**	536 209 791	**(142 080 224)**	(141 662 260)
Total equity attributable to equity holders of the parent		**900 738 727**	880 057 381	**190 727 393**	198 120 649
Non-controlling interest	5	**156 004 787**	143 402 344	**–**	–
		1 056 743 514	1 023 459 725	**190 727 393**	198 120 649
Liabilities					
Non-current liabilities					
Loans payable	17	**1 027 987 537**	1 096 959 571	**25 345 000**	9 796 015
Convertible debentures	15	**–**	–	**–**	77 598
Deferred tax liability	8	**116 687 637**	99 517 568	**–**	–
		1 144 675 174	1 196 477 139	**25 345 000**	9 873 613
Current liabilities					
Loans payable	17	**78 929 777**	15 074 843	**9 797 164**	–
Convertible debentures	15	**–**	–	**77 598**	383 841
Current tax liabilities		**290 797**	62 369	**–**	–
Trade and other payables	18	**86 917 398**	62 637 491	**68 647**	55 075
		166 137 972	77 774 703	**9 943 409**	438 916
Total liabilities		**1 310 813 146**	1 274 251 842	**35 288 409**	10 312 529
Total equity and liabilities		**2 367 556 660**	2 297 711 567	**226 015 802**	208 433 178

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 August 2019

	Notes	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Revenue	19	**386 279 832**	317 575 672	**10 871 058**	5 661 886
Total realised (loss)/profit		**(351 506)**	1 332 836	**–**	–
Realised loss on financial assets at fair value through profit and loss		**(2 048 224)**	(853 877)	**–**	–
Realised profit on sale of non-current assets		**4 320 973**	2 186 713	**–**	–
Realised loss on sale of joint venture		**(2 624 255)**	–	**–**	–
Total profit from fair value adjustments		**25 568 946**	33 815 066	**–**	–
Fair value adjustment on financial assets at fair value through profit and loss		**–**	3 713 323	**–**	–
Fair value adjustment on investment properties	4	**35 815 865**	32 768 193	**–**	–
Impairment of loan	9	**(10 246 919)**	(2 666 450)	**–**	–
Other income		**2 429 847**	1 097 571	**–**	–
Employee benefits		**(74 573 729)**	(51 832 954)	**(4 374 588)**	(3 977 240)
Cost of property and land sold		**(16 169 522)**	(11 169 037)	**–**	–
Other operating expenses		**(179 662 416)**	(154 514 709)	**(989 941)**	(1 008 187)
Operating profit	20	**143 521 452**	136 304 445	**5 506 529**	676 459
Finance costs	21	**(108 516 229)**	(110 543 808)	**(5 924 493)**	(3 951 252)
Profit from equity accounted investments (net of tax)	6.5	**25 970 918**	25 383 010	**–**	–
Profit/(loss) before income tax		**60 976 141**	51 143 647	**(417 964)**	(3 274 793)
Income tax	22	**(25 914 496)**	(792 427)	**–**	–
Profit/(loss) for the year		**35 061 645**	50 351 220	**(417 964)**	(3 274 793)
Other comprehensive income					
Items that will not subsequently be reclassified to profit/(loss):					
Fair value gain on revaluation of property, plant and equipment	16	**3 832 166**	6 344 585	**–**	–
Tax effects of fair value adjustments		**(858 406)**	(1 421 187)	**–**	–
Items that are or may subsequently be reclassified to profit/(loss):					
Foreign currency translation differences on equity accounted investments		**3 242 463**	3 870 082	**–**	–
Other comprehensive income for the year		**6 216 223**	8 793 480	**–**	–
Total comprehensive income for the year		**41 277 868**	59 144 700	**(417 964)**	(3 274 793)
Profit attributable to:					
Equity holders of the parent		**22 134 409**	35 657 351	**(417 964)**	(3 274 793)
Non-controlling interests		**12 927 236**	14 693 869	**–**	–
		35 061 645	50 351 220	**(417 964)**	(3 274 793)
Total comprehensive income attributable to:					
Equity holders of the parent		**27 656 638**	44 450 831	**(417 964)**	(3 274 793)
Non-controlling interests		**13 621 230**	14 693 869	**–**	–
		41 277 868	59 144 700	**(417 964)**	(3 274 793)
Basic earnings per share	23	**10.2 cents**	16.5 cents		
Diluted earnings per share	23	**9.4 cents**	15.1 cents		

STATEMENTS OF CHANGES IN EQUITY
for the year ended 31 August 2019

GROUP	Share capital R	Share premium R	Total share capital R
Balance at 1 September 2017	2 177 713	307 141 108	309 318 821
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Fair value gain on revaluation of property, plant and equipment	–	–	–
Tax effects on revaluations	–	–	–
Share-based payment expense	–	–	–
Settlement of share-based payment	–	–	–
Treasury shares cancelled	(19 349)	(5 498 303)	(5 517 652)
Treasury shares acquired	–	–	–
Foreign exchange movements on investment in associate	–	–	–
Ordinary shares issued	3 517	559 240	562 757
Capital distribution	–	(10 867 384)	(10 867 384)
Change in shareholding	–	–	–
Balance at 31 August 2018	2 161 881	291 334 661	293 496 542
Balance at 1 September 2018	**2 161 881**	**291 334 661**	**293 496 542**
Total comprehensive income for the year	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**
Fair value gain on revaluation of property, plant and equipment	**–**	**–**	**–**
Tax effects on revaluations	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**28 262**	**8 258 132**	**8 286 394**
Treasury shares cancelled	**(437)**	**(136 463)**	**(136 900)**
Foreign exchange movements on investment in associate	**–**	**–**	**–**
Capital distribution	**–**	**(11 349 880)**	**(11 349 880)**
Dividends declared to non-controlling interest	**–**	**–**	**–**
Balance at 31 August 2019	**2 189 706**	**288 106 450**	**290 296 156**
Notes	13	13	13

Treasury shares R	Share-based payment reserve R	Foreign currency translation reserve R	Fair value reserve R	Accumulated profit/(loss) R	Total R	Non-controlling interest R	Total equity R
(1 107 542)	11 826 051	(136 644)	26 149 917	504 253 851	850 304 454	104 024 663	954 329 117
–	–	–	4 923 398	35 657 351	40 580 749	14 693 869	55 274 618
–	–	–	–	35 657 351	35 657 351	14 693 869	50 351 220
–	–	–	6 344 585	–	6 344 585	–	6 344 585
–	–	–	(1 421 187)	–	(1 421 187)	–	(1 421 187)
–	3 977 240	–	–	–	3 977 240	–	3 977 240
–	(122 096)	–	–	–	(122 096)	–	(122 096)
5 517 652	–	–	–	–	–	–	–
(4 547 010)	–	–	–	–	(4 547 010)	–	(4 547 010)
–	–	3 870 082	–	–	3 870 082	–	3 870 082
–	–	–	–	–	562 757	–	562 757
–	–	–	–	–	(10 867 384)	–	(10 867 384)
–	–	–	–	(3 701 411)	(3 701 411)	24 683 812	20 982 401
(136 900)	15 681 195	3 733 438	31 073 315	536 209 791	880 057 381	143 402 344	1 023 459 725
(136 900)	**15 681 195**	**3 733 438**	**31 073 315**	**536 209 791**	**880 057 381**	**143 402 344**	**1 023 459 725**
–	**–**	**–**	**2 279 766**	**22 134 409**	**24 414 175**	**13 621 230**	**38 035 405**
–	**–**	**–**	**–**	**22 134 409**	**22 134 409**	**12 927 236**	**35 061 645**
–	**–**	**–**	**2 937 844**	**–**	**2 937 844**	**894 322**	**3 832 166**
–	**–**	**–**	**(658 078)**	**–**	**(658 078)**	**(200 328)**	**(858 406)**
–	**4 374 588**	**–**	**–**	**–**	**4 374 588**	**–**	**4 374 588**
–	**(8 286 394)**	**–**	**–**	**–**	**–**	**–**	**–**
136 900	**–**	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**3 242 463**	**–**	**–**	**3 242 463**	**–**	**3 242 463**
–	**–**	**–**	**–**	**–**	**(11 349 880)**	**–**	**(11 349 880)**
–	**–**	**–**	**–**	**–**	**–**	**(1 018 787)**	**(1 018 787)**
–	**11 769 389**	**6 975 901**	**33 353 081**	**558 344 200**	**900 738 727**	**156 004 787**	**1 056 743 514**
13	14		16			5	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2019 (continued)

COMPANY	Share capital R	Share premium R	Total share capital R
Balance at 1 September 2017	2 177 713	307 141 108	309 318 821
Total comprehensive income for the year	–	–	–
Ordinary shares issued	3 517	559 240	562 757
Treasury shares cancelled	(19 349)	(5 498 303)	(5 517 652)
Treasury shares purchased	–	–	–
Convertible debentures redeemed	–	–	–
Share-based payment expense	–	–	–
Settlement of share-based payment	–	–	–
Capital distribution	–	(10 867 384)	(10 867 384)
Balance at 31 August 2018	2 161 881	291 334 661	293 496 542
Balance at 1 September 2018	**2 161 881**	**291 334 661**	**293 496 542**
Total comprehensive income for the year	**–**	**–**	**–**
Treasury shares cancelled	**(437)**	**(136 463)**	**(136 900)**
Share-based payment expense	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**28 262**	**8 258 132**	**8 286 394**
Capital distribution	**–**	**(11 349 880)**	**(11 349 880)**
Balance at 31 August 2019	**2 189 706**	**288 106 450**	**290 296 156**
Notes	13	13	13

Treasury shares R	Convertible debentures R	Share-based payment reserve R	Accumulated loss R	Total equity R
(1 107 542)	31 304 829	11 826 051	(138 509 563)	212 832 596
–	–	–	(3 274 793)	(3 274 793)
–	–	–	–	562 757
5 517 652	–	–	–	–
(4 547 010)	–	–	–	(4 547 010)
–	(562 757)	–	–	(562 757)
–	–	3 977 240	–	3 977 240
–	–	(122 096)	122 096	–
–	–	–	–	(10 867 384)
(136 900)	30 742 072	15 681 195	(141 662 260)	198 120 649
(136 900)	**30 742 072**	**15 681 195**	**(141 662 260)**	**198 120 649**
–	**–**	**–**	**(417 964)**	**(417 964)**
136 900	**–**	**–**	**–**	**–**
–	**–**	**4 374 588**	**–**	**4 374 588**
–	**–**	**(8 286 394)**	**–**	**–**
–	**–**	**–**	**–**	**(11 349 880)**
–	**30 742 072**	**11 769 389**	**(142 080 224)**	**190 727 393**
	15	14		

STATEMENTS OF CASH FLOWS

for the year ended 31 August 2019

	Notes	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Cash flows from operating activities					
Cash generated from operations	26	**139 042 839**	104 577 644	**7 835**	5 005
Finance income		**9 397 715**	8 989 452	**123 050**	858 598
Dividends received		**–**	3 625 213	**2 303**	54 635
Dividends and distributions received from joint ventures and associates		**74 285 753**	3 500 000	**–**	–
Finance costs		**(108 516 229)**	(106 918 482)	**–**	(1 038 557)
Income tax paid	27	**(22 249 309)**	(846 220)	**–**	–
Net cash inflow/(outflow) from operating activities		**91 960 769**	12 927 607	**133 188**	(120 319)
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(97 170 173)**	(56 453 152)	**–**	–
Acquisition of and addition to investment properties	4	**(27 060 812)**	(43 096 419)	**–**	–
Proceeds on disposal of non-current assets		**38 879 225**	27 273 041	**–**	–
Loans receivable advanced		**(5 830 012)**	–	**–**	–
Loans advanced to group companies		**–**	–	**(8 206 167)**	(3 500 000)
Loans repaid by group companies		**–**	–	**11 349 880**	14 593 183
Proceeds on disposal of joint venture		**7 989 096**	–	**–**	–
Loan advanced to joint ventures and associates		**(12 865 759)**	(6 588 749)	**–**	–
Loans repaid by joint ventures and associates		**19 600 740**	3 530 136	**–**	–
Acquisition of held-for-trading and available-for-sale investments		**–**	(2 804 776)	**–**	–
Proceeds on disposal of investments		**1 781 665**	4 542 655	**–**	–
Net cash (outflow)/inflow from investing activities		**(74 676 030)**	(73 597 264)	**3 143 713**	11 093 183
Cash flows from financing activities					
Issue of shares		**–**	562 757	**–**	562 757
Acquisition of treasury shares		**–**	(4 547 010)	**–**	(4 547 010)
Capital distribution	36	**(11 349 880)**	(10 867 384)	**(11 349 880)**	(10 867 384)
Decrease in borrowings	26.1	**(4 424 565)**	(110 543 436)	**–**	–
Increase in borrowings	26.1	**45 880 592**	115 176 194	**–**	–
Net cash inflow/(outflow) from financing activities		**30 106 147**	(10 218 879)	**(11 349 880)**	(14 851 637)
Net cash increase/(decrease) in cash and cash equivalents		**47 390 886**	(70 888 536)	**(8 072 979)**	(3 878 773)
Cash and cash equivalents at the beginning of the year		**99 042 471**	169 931 007	**8 428 585**	12 307 358
Total cash and cash equivalents at the end of the year		**146 433 357**	99 042 471	**355 606**	8 428 585

1. BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the JSE Listings Requirements, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act of South Africa.

Functional and presentation currency

These financial statements are presented in South African Rands, which is the functional currency and presentation currency of the company and the group.

(a) International reporting standards adopted during the year

The group applied IFRS 15 and IFRS 9 for the first time from 1 September 2018. The nature and effect of these changes as a result of the adoption of these new standards are described below. Other than the changes described below, the accounting policies adopted are consistent with those of the previous financial year. Several other amendments and interpretations were applied for the first time in 2019, but did not have an impact on the consolidated financial statements of the group and, hence, have not been disclosed.

The group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of the goods or services transfers to the customer. Revenue needs to be recognised at a point in time or over time depending on the performance obligation linked to separate elements of the contract with the customer. The timing and measurement of the group's revenue has not changed as a result of the implementation of IFRS 15. Revenue consists mainly of rental income recognised in accordance with IAS 17 and IFRS 15 has therefore not impacted the revenue recognition. The recognition of school fees is still recognised over time as was the case under IAS 18. No further performance obligations were noted.

Refer to accounting policy (k) for additional information on how the different revenue streams are recognised and refer to note 19 for additional disclosure requirements which have been retrospectively applied.

IFRS 9 – Financial Instruments

The prior-year figures have not been restated.

In the current year the group has applied IFRS 9 – *Financial Instruments* and the related consequential amendments to other IFRSs. IFRS 9 introduces new requirements for:

- the classification and measurement of financial assets and financial liabilities; and
- impairment for financial assets.

Details of these new requirements, as well as their impact on the group's consolidated financial statements, are described below.

Classification and measurement of financial assets

IFRS 9 addresses the classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The directors reviewed and assessed the group's existing financial assets as at 1 September 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has not had a significant impact on the group's financial assets.

In addition for the guarantees provided on loans payable, no liability has been raised on the adoption of IFRS 9 as the value of the collateral given for this debt far exceeds the carrying value of the debt.

Although IFRS 9 changes the classification of certain financial instruments, the measurement basis of the group's financial assets and liabilities was unchanged under the new principles.

Summary of change in category of financial instrument:

Instrument	IAS 39 classification	IAS 39 measurement	IFRS 9 classification	IFRS 9 measurement
Trade receivables	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Loans receivable	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Loans to group companies	Loans and receivables	Amortised cost	Financial asset at amortised cost	Amortised cost
Investment in listed shares	At fair value through profit or loss (elected)	Fair value through profit or loss	Financial asset at fair value through profit or loss (mandatory)	Fair value through profit or loss
Investment in unlisted shares	Available-for-sale	Fair value through other comprehensive income	Financial asset at fair value through profit and loss (mandatory)	Fair value through profit and loss
Loans payable	Other financial liability	Amortised cost	Financial liability at amortised cost	Amortised cost
Convertible debentures	Other financial liability	Amortised cost	Financial liability at amortised cost	Amortised cost
Trade payables	Other financial liability	Amortised cost	Financial liability at amortised cost	Amortised cost

Impairment of financial assets

IFRS 9 requires an expected credit loss ("ECL") model to be used in impairing financial assets. It is no longer necessary for a credit loss event to have occurred before impairments are recognised.

The group has elected to apply the simplified approach for measuring the loss allowance at an amount equal to lifetime ECLs for lease receivables. School fees receivable as well as other receivables do not contain a significant financial component and therefore lifetime ECLs will always be recognised for the these receivables.

The general approach or three-step model is used for the impairment assessment of loans receivable. Where loans are performing and there is no significant increase in credit risk 12-month ECLs are recognised. When there is a significant increase in credit risk or the loan becomes credit impaired lifetime ECLs are recognised. Refer to accounting policy for full detail on the impairment of loans receivable.

As at 1 September 2018 the directors reviewed and assessed the group's existing financial assets and amounts due from customers for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised.

The history of write-offs on trade receivables as well as loan accounts has been low. This credit risk being well managed has resulted in the adoption of IFRS 9 having limited impact. Based on the assessment of the recovery of loans there has been no change in the expected recovery and the full loan balance was assessed as recoverable, except for the Cloudberry loan. The time value of money has therefore not impacted the impairment assessment. On assessment of the Cloudberry loan the impairment assessment at the beginning of the year would not have changed materially.

No other standards that had a material impact on the financial statements were adopted, or applied, for the first time during the year by the group.

(b) International reporting standards not yet effective

IFRS 16 – Leases

IFRS 16 is a new standard that introduces a single accounting model for lessees, while the accounting for lessors is left largely unchanged from its predecessor (IAS 17 – *Leases*).

The group does not expect the adoption of this standard to have a material impact on its financial position or results due to the group not having material lease commitments and the accounting for lessors remaining largely unchanged.

No other standards or interpretations relevant to the group's operations have been published which were mandatory for accounting periods beginning on or after 1 September 2019.

(c) Significant sources of estimation uncertainty

In preparing the annual financial statements, management has made estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant sources of estimation uncertainty include:

Impairment of financial assets

The group assesses loans and receivables for impairment on an ongoing basis. Refer to notes 2(b)(ii) and 2(b)(iv) below for factors that are considered in determining whether a receivable is impaired.

Fair value of investment property and land and buildings

The fair value of property is measured at the reporting date as determined by the directors or independent professional valuers, taking into account the effect of lease smoothing in terms of IAS 40. The fair value of properties is estimated using either an income approach which capitalises the estimated rental income stream, net of projected operating costs or the discounted cash flow model or recent sales information of similar properties in the same development, or a combination of the valuation approaches. Refer to note 31 for detail on assumptions applied in the valuation of property.

Property, plant and equipment

Items of property, plant and equipment are depreciated over their useful lives. The useful life of an item of property, plant and equipment is the period over which the group expects to use the item. Useful lives of assets are reviewed annually. The group uses the following indicators to determine useful life:

- expected usage of assets;
- expected physical wear and tear; and
- technical and commercial obsolescence.

The estimated useful lives for the current and comparative periods are as follows:

• Fixtures and fittings	5 years
• Motor vehicles	4 – 5 years
• Office furniture and equipment	6 years
• Harbour equipment	3 years
• Moorings	5 – 10 years
• IT equipment	3 years
• School equipment	5 years
• Buildings	50 – 75 years
• Land	Not depreciated

Share-based payments

Equity-settled share-based payments relating to the debenture incentive scheme are measured at fair value using the Black-Scholes valuation model. Refer to note (e)(ii) for the accounting policy and to note 14 for the significant assumptions applied in the valuation model.

(d) Significant judgements

Group accounting

Significant influence

The directors assessed whether or not the group has significant influence over Cloudberry Investments 18 (Pty) Limited and Clusten 54 (Pty) Limited (refer to note 6.1) based on the power to participate in the financial and operating policy decisions of the companies. After assessment, the directors concluded that the group had no representation on the board of directors or participation in the policy-making processes and due to the nature of the investment, the group had no significant influence over either company.

Consolidated structured entities

Subsidiary companies include the Trematon Share Incentive Trust, set up for the benefit of the group's employees. This trust is consolidated in the group results because the group effectively controls it through the specific mechanisms that were established when the trust was formed.

Also included as subsidiary companies are property investment trusts over which the group has control by virtue of majority trustee representation and rights to a majority of the variable returns from the trust. These include the Resi Investment Trust and Lion Property Investment Trust.

Unconsolidated structured entities

Unconsolidated structured entities include trusts classified as joint ventures and associates. These trusts are assessed as joint ventures and associates in accordance with the respective policies below.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Management may need to assess, from time to time, the extent to which it is probable that taxable profit will be available against which deductible temporary differences can be utilised. Management has not recognised a deferred tax asset for the assessed loss in the company as it is not sufficiently probable that the related tax benefit will be realised. All other companies in the group with deferred tax asset balances are currently trading and are expected to make profits which will enable them to recover the deferred tax assets.

The deferred tax rate applied to assets is determined by the expected manner of recovery, while the fair value adjustments of investment property in its entirety will be recovered through sale. Where the expected recovery of the asset is through sale, the effective capital gains tax rate of 22.40% (2018: 22.40%) is used.

If the expected manner of recovery is through use, the normal tax rate of 28% (2018: 28%) is applied.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group.

Company financial statements

Investments in subsidiaries are carried at cost less any accumulated impairment.

Group financial statements

Subsidiaries are consolidated from the date that control commences until the date that control ceases.

Non-controlling interests are measured at their proportionate share of the acquiree's net assets.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

(ii) Joint ventures

Joint ventures are arrangements jointly controlled by the group in which the group has rights to the net assets of the arrangement.

Company financial statements

Investments in joint ventures are carried at cost less accumulated impairment losses.

Group financial statements

Joint ventures are accounted for using the equity method. They are initially recognised at cost and subsequently increased or decreased by the group's share of income and expenses and equity movements in the joint venture from the date that joint control commences until the date that joint control ceases.

When the group's share of losses exceeds its interest in joint ventures, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the joint venture.

In instances where the year-ends of joint ventures differ from that of the group, monthly management accounts are used to ensure information is reported coterminous with the group's year-end.

(iii) Associates

Associates are entities over whose activities the group has significant influence but not control or joint control. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity.

Company financial statements

Investments in associates are carried at cost less accumulated impairment losses.

Group financial statements

Associates are accounted for using the equity method and are initially recognised at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The investment in the associate is subsequently increased or decreased by the group's share of the income and expenses and equity movements in the associates, from the date that significant influence commences until the date that significant influence ceases.

When the group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the associate.

In instances where the year-ends of associates differ from that of the group, monthly management accounts are used to ensure information is reported coterminous with the group's year-end.

(iv) Transactions eliminated on consolidation

Intragroup balances and transactions, and any unrealised income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with joint ventures and associates are eliminated against the investment to the extent of the group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Changes in ownership

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction, are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the carrying amount of the change in the non-controlling interest and the consideration paid or received is recognised in accumulated profit.

(vi) Business combinations

The group accounts for business combinations using the acquisition method of accounting.

The acquiree's identifiable assets, liabilities and contingent liabilities are recognised at their fair values at acquisition date.

On acquisition, the group assesses the classification of the acquiree's assets and liabilities and reclassifies them where necessary in accordance with the group policies.

(b) Financial instruments

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss. The classification of financial assets at initial recognition that are debt instruments depends on the financial assets' contractual cash flow characteristics and the group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the company has applied the practical expedient, the company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the group has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI it needs to give rise to cash flows that are "solely payments of principal and interest ('SPPI')" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial liabilities at amortised cost are recognised initially at fair value.

Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the group commits itself to purchase or sell the asset.

(i) Financial assets at fair value through profit or loss (mandatory)

An investment in a listed or unlisted share held for sale in the near term is mandatorily measured at fair value through profit or loss. These financial instruments are measured at fair value, with changes recognised in profit or loss. Upon disposal the realised profit on sale of these investments is presented within "total realised profit" in the statement of profit or loss. Net gains or losses on items at fair value through profit or loss exclude interest and dividend income.

(ii) Trade and other receivables

Trade and other receivables are classified as financial assets subsequently measured at amortised cost, using the effective interest method.

Impairment

The group recognises a loss allowance for ECLs on trade and other receivables. The amount of expected credit losses is updated at each reporting date.

The group measures the loss allowance for trade and other receivables at an amount equal to lifetime ECLs, which represent the ECLs that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The group makes use of a provision matrix as a practical expedient for the determination of ECLs on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate. Forward-looking information includes the evaluation of industry-specific statistics regarding average recoveries post default, default rates observed in the education and property industry as well as the general financial health of the group's debtors.

The customer base is split into different portfolios, namely rental income and school fees. Each portfolio is assessed for impairment separately, however the loss allowance for the customers within each portfolio can be calculated on a collective basis due their nature and similar loss patterns.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

(iii) Cash and cash equivalents

Cash and cash equivalents are classified as financial assets measured at amortised cost. Cash and cash equivalents include cash in hand, brokerage cash accounts, deposits held at banks and other short-term highly liquid investments with maturity of three months or less at the date of purchase.

(iv) Loans receivable (including loans to group companies)

Loans receivable are initially recognised at fair value.

The loans are classified as financial assets measured at amortised cost, using the effective interest method. The loans are held to collect contractual cash flows on the principal amount and interest over the term of the loan. Loans receivable for which no repayment terms have been set are regarded as being repayable on demand.

Impairment

Subsequent to initial recognition the loans are tested for impairment using the general approach.

The group measures the loss allowance at an amount equal to lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12-month ECLs.

Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECLs represent the portion of a lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Impairment of loans with no fixed terms of repayment
For loans receivable with no fixed terms of repayment, ECLs are based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually small and the ECL is immaterial as a result. If the borrower could not repay the loan if demanded at the reporting date, the group considers the expected manner of recovery to measure ECLs. This includes a "repay over time" strategy.

If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the ECL is limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which is regarded as 0% if the loan is interest free) over the period until cash is realised. If the effective interest rate is 0% and all strategies indicate that the lender would fully recover the outstanding balance of the loan, no impairment loss is recognised.

If the full balance of the loan cannot be recovered over time, a loss allowance is recognised in profit or loss.

Significant increase in credit risk on loans receivable
In assessing whether the credit risk on a loan has increased significantly since initial recognition, the group compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. This information includes budgets and forecasts and the financial health of the entity, as well as the future prospects of the industry in which the borrower operates.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

Definition of default on loans receivable
The group considers that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).

Irrespective of the above analysis, the group considers that default has occurred when a loan instalment is more than 90 days past due, unless the group has reasonable and supportable information that demonstrates otherwise.

For loans repayable on demand the group considers that an event of default has occurred if the borrower does not repay the loan when demanded. The group writes off a loan when there is information indicating that the borrower is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the borrower has been placed under liquidation or has entered into bankruptcy proceedings.

(v) Write-off policy of financial assets
The group writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(vi) Loans payable
Loans payable are recognised initially at fair value, net of transaction cost incurred. Loans payable are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Loans payable are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(vii) Trade payables
Trade payables are recognised initially at fair value and subsequently at amortised cost using the effective interest method. Trade payables are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(viii) Convertible debentures (company financial statements)

Compulsory convertible debentures are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds on and the fair value assigned to the liability component is included in equity under "convertible debentures" net of any related tax effect. The liability component is carried at amortised cost.

Upon redemption of the debentures the amount recognised within equity is transferred from "convertible debentures" to "share capital" in the statement of changes in equity.

(c) Financial instruments – for comparative year

The group classified its financial instruments into the following categories:

Financial assets:	*Consisting of:*
• Financial assets at fair value through profit or loss – held-for-trading	• Investments – listed shares
• Loans and receivables	• Loans to group companies • Loans receivable • Trade and other receivables • Cash and cash equivalents
• Available-for-sale financial assets	• Investments – unlisted shares
Financial liabilities:	*Consisting of:*
• Financial liabilities at amortised cost	• Loans payable • Convertible debentures (liability component) • Loans from group companies • Trade and other payables

Purchases and sales of financial assets were accounted for at trade date, i.e. the date that the group committed itself to purchase or sell the asset.

The group recognised its financial instruments initially at fair value. Transaction costs were included in the initial measurement of financial instruments as follows:

- for financial assets classified as at fair value through profit or loss – held-for-trading: charged to profit or loss;
- for financial assets classified as loans and receivables and available-for-sale: added to their initial measurement; and
- for financial liabilities at amortised cost: deducted from their initial measurement.

(i) Financial assets at fair value through profit or loss – held-for-trading

An investment in a listed share was classified at fair value through profit or loss – held-for-trading if it was acquired for sale in the near term. These financial instruments were measured at fair value, with changes recognised in profit or loss. Upon disposal the realised profit on sale of these investments was presented within "total realised profit" in the statement of comprehensive income. Net gains or losses on items at fair value through profit or loss – held-for-trading excluded interest and dividend income.

(ii) Loans and receivables

Loans and receivables were amounts receivable that were not quoted in an active market.

Loans and receivables were carried at amortised cost using the effective interest method. Interest was recognised in the statement of comprehensive income.

(iii) Available-for-sale financial assets

A financial asset was classified as available-for-sale when it was not classified as a financial asset at fair value through profit or loss – held-for-trading or a loan and receivable. A gain or loss on an available-for-sale financial asset shall be recognised in other comprehensive income, except for impairment losses.

(iv) Financial liabilities at amortised cost

The group classified its financial liabilities as financial liabilities at amortised cost. These liabilities were carried at amortised cost using the effective interest method.

(v) Trade and other receivables – impairment

An estimate of impairment was made to an allowance account when there was objective evidence that an individual receivable is impaired. Objective evidence includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments.

When a trade receivable is uncollectible, it was written off against the allowance account for trade receivables.

(vi) Loans receivable – impairment

An estimate of impairment was made to an allowance account when there was objective evidence that a loan was impaired. Objective evidence included significant financial difficulties of the debtor, probability that the debtor would enter bankruptcy or financial reorganisation, and default or delinquency in payments. Impairments were reversed if they could be objectively related to an event occurring after the impairment was recognised. Impairments and reversals of impairments were presented on the face of the statement of comprehensive income when significant.

(d) Equity

(i) Share capital and share premium

Ordinary shares are classified as equity and are recognised as the proceeds received upon issue. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(ii) Treasury shares

Shares in the company held by the subsidiaries of the group are recorded at cost, including any external costs of acquisition and are deducted from equity as treasury shares. When these shares are subsequently sold or reissued, their cost is released and any gains or losses are included in treasury shares.

(e) Share-based payments

(i) Share incentive scheme

Ordinary shares that are granted to directors and selected employees at a fixed price at the vesting date are classified as equity-settled share-based payment transactions.

The share-based expense and the amount to be settled in shares are calculated using a formula based on the group's performance. This formula calculates a total bonus to be awarded (the bonus pool), which is then split up between the employees that participate in the scheme. The bonus is recognised as an employee benefit expense and an increase in the share-based payment reserve in equity on a straight-line basis over the vesting period. Any restricted shares issued in terms of the scheme decrease the share-based payment reserve.

(ii) Debenture incentive scheme

Debentures that are granted to directors and selected employees that are convertible to ordinary shares at their option at a fixed exercise price have an equivalent effect to share options and are classified as equity-settled share-based payment transactions.

These are measured at the fair value of the effective share option granted and are recognised as an employee benefit expense and an increase in the share-based payment reserve in equity on a straight-line basis over the three-year vesting period.

The fair value of the effective options is measured using the Black-Scholes valuation model.

The amount recognised in the share-based payment reserve related to any settled option is transferred to accumulated profit when options are exercised.

(f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, except for land and buildings, which are measured at revalued amounts less accumulated depreciation and accumulated impairment losses.

Land is not depreciated.

The accumulated depreciation of the buildings is determined by using the proportionate restatement method with no transfer of the reserve to retained earnings.

(g) Investment property

Investment property is property held to earn rentals and/or for capital appreciation.

Investment property is initially recognised at cost and subsequently measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss in the period in which it arises.

(h) Inventories

Inventories consist of developed and undeveloped property and are measured at the lower of cost and net realisable value.

The cost of the inventories is assigned using the specific identification method.

(i) Fair value reserve

The fair value reserve comprises the cumulative change, net of deferred tax, in the revaluation of land and buildings.

(j) Borrowing costs

Borrowing costs are capitalised to the cost of developed properties within inventories and buildings under construction within property, plant and equipment to the extent that they are directly attributable to their construction. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for development purposes or, with regard to the part of development cost financed out of general funds, the weighted average cost of borrowings.

All other borrowing costs are recognised in profit or loss using the effective interest method.

(k) Revenue

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total rental income, over the term of the lease. Rental income is paid in advance on a monthly basis.

School fees

School fees are measured based on the transaction price in accordance with the school fee structure. Revenue from providing these services is recognised in the accounting period in which the services are rendered. The school services are rendered on a consistent basis throughout the year and revenue is therefore recognised on a similar straight line. Payment is received in advance on a monthly basis.

Sale of property
Revenue from sale of property and land is recognised once control has transferred to the customer. This is considered to be at a point in time when the property is registered in the customer's name as the risks and rewards of ownership pass to the customer at this point. Transfer of the property only takes place once payment has been made. The sale of the property is facilitated by a solicitor.

Commission
Commission is charged to owners for renting out their property on their behalf and the service is recognised when a tenant has been placed into the unit. The commission earned is the net amount of the consideration received after paying the owners rental income.

Other revenue
Other revenue consists of various goods and services which is recognised at a point in time as and when the services are performed, or the goods are sold.

There are no contracts with variable consideration components as well as multiple performance obligations.

Dividends are recognised in profit or loss when the company's right to receive payment has been established.

Interest income is recognised as it accrues, using the effective interest method.

(l) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(m) Employee benefits

Short-term employee benefits include basic salaries, bonuses, paid annual leave and sick leave. The cost of short-term employee benefits is recognised in the period in which the related service is rendered and is not discounted.

(n) Income tax

The group implements a "comprehensive balance sheet method" of accounting for income taxes which recognises both the current tax consequences of transactions and events, and the future tax consequences of the future recovery or settlement of the carrying amount of the entity's assets and liabilities (accounted for as deferred tax).

Current tax is recognised in accordance with relevant legislation. For transactions and events recognised in profit or loss, any related tax effects are also recognised in profit or loss. For transactions and events recognised in other comprehensive income or directly in equity, the related tax effect is also recognised in other comprehensive income or directly in equity.

Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses, are recognised, with limited exceptions, as deferred tax liabilities or deferred tax assets.

(o) Guarantees

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the amount determined in accordance with the expected credit loss model under IFRS 9 – *Financial Instruments*. Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(p) Guarantees – for comparative year

Financial guarantees are classified as insurance contracts as defined in IFRS 4 – *Insurance Contracts*. A liability is recognised when it is probable that the group will be required to settle the contract and a reliable estimate can be made of the amount of the obligation.

(q) Segmental reporting

The principal segments of the group have been identified by investment category. The basis is representative of the internal structure used for management reporting.

(r) Cost of property and land sold

Costs of property and land sold comprise the carrying amount of inventories sold during the period and any write-down of inventories to net realisable value.

(s) Non-current assets held for sale

Non-current assets are classified as assets (or disposal groups) held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

For the sale to be highly probable management must be committed to the sale and an active programme to locate a buyer and complete the plan must have been initiated. Further, the assets must be actively marketed for sale at a price that is reasonable in relation to its current fair value.

In addition, the sale should be expected to qualify for recognition as a completed sale within one year from the date of classification, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less cost to sell, other than certain assets such as investment properties, which are measured at fair value.

A non-current asset is not depreciated while it is classified as held-for-sale.

(t) Financial risk management

(i) Overview

The group and company have exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note and note 28 present information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has delegated the responsibility for developing and monitoring the group's risk management policies to the executive directors.

The executive directors report to the board of directors on their activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The audit committee oversees how management monitors compliance with the group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

(ii) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and credit risk arises principally from the group's loans to group companies, loans receivable, trade and other receivables and cash balances.

Loans receivable

The group's exposure to credit risk on loans receivable is influenced by the underlying value of the asset. The entities to whom loans have been advanced do not have highly liquid assets. Recovery of the loan is assessed based on the long-term strategy of recovery based on the value of the underlying asset for which the loan has been advances. Management assesses the recoverability of loans receivable by reference to the listed share price or fair value of borrowers' investments.

The value of the underlying asset is adjusted with market information to identify any decrease in value in future which can impact the recoverability of the loan. The impairment of the loan also takes into consideration a change in the expected timing of recovery of the loan. If the expectation of recovery changes, for example if the repayment of loan is later than originally anticipated, there would be an impairment due to the time value of money. The maximum exposure to credit risk is limited to the total carrying value of the loan receivable as at the reporting date.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the characteristics of each debtors book, rent receivable and school fees receivables. Management also considers the factors that may influence credit risk including the default risk of the industry in which customers operate. For the different portfolios different economic factors will be considered. The credit-granting policy is set on a group basis and managed at operating entity level. Each business unit in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures.

Bank balances

The group only deposits cash with major banks with high-quality credit standing and limits exposure to any one counterparty. The cash brokerage account is held by a reputable institution in South Africa.

Guarantees

The group's exposure to credit risk on guarantees is influenced by the underlying value of the asset. Management assesses the credit risk with reference to the underlying asset for which the group stands as surety.

(iii) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The group ensures there is sufficient cash on demand through borrowing facilities and operating profits.

(iv) Market risk

Market risk is the risk that changes in market prices such as interest rates and equity prices will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising returns.

Currency risk

The group has no significant exposure to currency risk.

Interest rate risk

The group's only exposure to interest rate risk relates to bank balances, loans receivable, trade receivables and loans payable which are subject to variable market-related interest rates.

Other market price risk

Equity price risk arises from investments in equity instruments classified as available-for-sale and financial assets at fair value through profit or loss – held-for-trading.

Management monitors the equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the board of directors. The primary goal of the group's investment strategy is to maximise investment returns.

(v) Capital management

Capital is regarded as total equity. The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the group.

The board of directors monitors the return on capital, which the group defines as profit attributable to equity holders of the parent divided by total equity attributable to equity holders of the parent, excluding non-controlling interest, on a continuous basis as follows:

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Profit/(loss) attributable to equity holders of the parent	**22 134 409**	35 657 351	**3 658 148**	(3 274 793)
Total equity attributable to equity holders of the parent	**900 738 727**	880 304 454	**194 803 505**	198 120 649
Ratio of profit/(loss) to total shareholders' equity	**2%**	4%	**2%**	(2%)

There were no changes in the group's approach to capital management during the year.

3. PROPERTY, PLANT AND EQUIPMENT

	2019			2018		
	Cost/ valuation R	**Accumulated depreciation R**	**Carrying value R**	Cost/ valuation R	Accumulated depreciation R	Carrying value R
GROUP						
Land and buildings	**233 815 951**	**(7 114 478)**	**226 701 473**	143 498 082	(6 241 112)	137 256 970
Fixtures and fittings	**6 141 039**	**(3 550 848)**	**2 590 191**	4 008 502	(2 941 002)	1 067 500
Motor vehicles	**2 311 154**	**(1 256 400)**	**1 054 754**	1 616 545	(777 739)	838 806
Office furniture and equipment	**8 881 465**	**(2 671 016)**	**6 210 449**	5 613 046	(1 047 554)	4 565 492
Harbour equipment and moorings	**2 706 665**	**(2 511 472)**	**195 193**	2 410 285	(1 872 654)	537 631
IT equipment	**7 718 940**	**(4 064 666)**	**3 654 274**	5 231 533	(2 105 849)	3 125 684
School equipment	**4 930 659**	**(2 352 906)**	**2 577 753**	4 582 492	(1 484 562)	3 097 930
	266 505 873	**(23 521 786)**	**242 984 087**	166 960 485	(16 470 472)	150 490 013

Reconciliation of property, plant and equipment

	Opening balance R	**Additions R**	**Disposals R**	**Revaluation R**	**Depreciation R**	**Closing balance R**
2019						
Land and buildings	**137 256 970**	**87 544 306**	**(1 058 600)**	**3 832 164**	**(873 367)**	**226 701 473**
Fixtures and fittings	**1 067 500**	**2 220 049**	**(87 511)**	**–**	**(609 847)**	**2 590 191**
Motor vehicles	**838 806**	**583 300**	**–**	**–**	**(367 352)**	**1 054 754**
Office furniture and equipment	**4 565 492**	**3 268 419**	**–**	**–**	**(1 623 462)**	**6 210 449**
Harbour equipment	**537 631**	**296 380**	**–**	**–**	**(638 818)**	**195 193**
IT equipment	**3 125 684**	**2 554 105**	**–**	**–**	**(2 025 515)**	**3 654 274**
School equipment	**3 097 930**	**703 614**	**(253 636)**	**–**	**(970 155)**	**2 577 753**
	150 490 013	**97 170 173**	**(1 399 747)**	**3 832 164**	**(7 108 516)**	**242 984 087**
2018						
Land and buildings	86 202 106	48 162 826	–	6 344 586	(3 452 548)	137 256 970
Fixtures and fittings	1 585 268	170 510	(147 585)	–	(540 693)	1 067 500
Motor vehicles	561 592	537 609	(15 127)	–	(245 268)	838 806
Office furniture and equipment	1 897 787	3 364 137	–	–	(696 432)	4 565 492
Harbour equipment	688 257	290 245	–	–	(440 871)	537 631
IT equipment	2 437 955	1 952 699	–	–	(1 264 970)	3 125 684
School equipment	1 883 540	1 975 126	–	–	(760 736)	3 097 930
	95 256 505	56 453 152	(162 712)	6 344 586	(7 401 518)	150 490 013

Expenditure incurred on construction of property, plant and equipment, included in additions above, amounted to R88 million (2018: R48 million) for the year. Borrowing costs capitalised relating to the construction of property, plant and equipment amounted to R4.5 million (2018: R3.6 million) at a rate linked to prime.

The group has entered into capital commitments amounting to R57 million (2018: R55 million). The expenditure will be financed from cash generated from normal business operations and loan finance.

The carrying amount of land and buildings would have amounted to R197 million (2018: R109 million), had land and buildings been recognised under the cost model.

Refer to note 31 for detailed information on the revaluation of land and buildings.

4. INVESTMENT PROPERTIES

	Notes	GROUP 2019 R	GROUP 2018 R
Carrying value		**1 659 732 822**	1 702 316 487
Carrying value at the beginning of the year		**1 702 316 487**	1 665 954 223
Straight-line rental income adjustment against investment properties		**13 162 233**	15 921 573
Fair value adjustment on investment properties	31	**35 815 865**	32 768 193
Disposal of investment properties		**(87 678 865)**	(53 069 573)
Transfer to non-current assets held for sale	37	**(37 770 760)**	(2 354 348)
Additions to investment properties		**33 887 862**	43 096 419
Carrying value at the end of the year		**1 659 732 822**	1 702 316 487
The carrying value comprises:			
Straight-line lease asset		**13 149 871**	29 788 928
Investment property		**1 646 582 951**	1 672 527 559
		1 659 732 822	1 702 316 487
Income and expenses relating to investment properties:			
Income from investment properties		**262 340 236**	245 816 422
Direct expenses from income-generating investment properties		**(115 744 555)**	(95 662 921)

The total value of investment properties pledged as security amounts to R1.54 billion (2018: R1.63 billion).

The non-current asset held-for-sale relates to a property known as Glenashley Views. Aria Property Group (Pty) Limited, a 60%-held subsidiary of Trematon entered into a sale agreement before year-end to dispose of the property. The selling price amounts to R41 million and a portion of the cash received will be used to settle the remaining loan payable. The property is expected to be transferred within the first six months of the next financial year.

Property valuations

The fair value of the investment properties, which equals the carrying value, is based either on independent professional valuers who have recognised professional qualifications and experience in the valuation of similar investment properties or directors' valuations. In both the current and prior year no properties were independently valued. Refer to note 31 for the detailed valuation techniques used.

5. INVESTMENTS IN SUBSIDIARIES

		COMPANY			
		% holding/control		Carrying amount	
Name of entity	Principal activity	2019	2018	2019 R	2018 R
Held directly					
Tremgrowth (Pty) Limited	Equity investments	**100.0**	100.0	**10**	10
Tremtrade (Pty) Limited	Equity investments	**100.0**	100.0	**10**	10
Trematon Share Incentive Trust	Share incentive	**100.0**	100.0	**–**	–
Held indirectly					
Club Mykonos Langebaan (Pty) Limited	Property and investments	**100.0**	100.0	**–**	–
Club Mykonos Executive Sales (Pty) Limited	Property investments	**100.0**	100.0	**–**	–
Club Mykonos Langebaan Rental Services Company (Pty) Ltd	Property management	**100.0**	100.0	**–**	–
Club Mykonos Langebaan Resort Managers (Pty) Limited	Marina and property services	**100.0**	100.0	**–**	–
West Coast Holiday Lifestyles (Pty) Limited	Marina and property services	**75.0**	75.0	**–**	–
Aria Property Group (Pty) Limited	Property investments	**60.0**	60.0	**–**	–
Tremprop (Pty) Limited	Property investments	**100.0**	100.0	**–**	–
Resi Investment Trust	Property investments	**100.0**	100.0	**–**	–
Lion Property Investment Trust	Property investments	**100.0**	100.0	**–**	–
Stalagmite Property Investments (Pty) Limited	Property investments	**66.7**	66.7	**–**	–
Playground Investments (Pty) Limited	Property management	**100.0**	100.0	**–**	–
Generation Holdings (Pty) Limited	School investments	**87.0**	87.0	**–**	–
Propgen (Pty) Limited	Property investments	**87.0**	87.0	**–**	–
Generation Education (Pty) Limited	School operations	**87.0**	87.0	**–**	–
Si Institution (Pty) Limited	School operations	**87.0**	87.0	**–**	–
Blue Moon Montessori School (Pty) Limited	School operations	**78.3**	78.3	**–**	–
				20	20

All subsidiaries are incorporated and operate solely in South Africa.

Due to the nature of the subsidiaries, Trematon Share Incentive Trust, Resi Investment Trust, Lion Property Investment Trust and Blue Moon Montessori School (Pty) Limited have 28 February reporting dates. When the annual reporting dates are different to the group's, financial information is obtained as at 31 August, in order to report on an annual basis consistent with the group's reporting date. All other subsidiaries have a 31 August reporting date.

The company provides financial support in the form of guarantees and sureties for loans granted to certain of its property investment subsidiaries, as described in note 17.

5. INVESTMENTS IN SUBSIDIARIES (continued)

Details of subsidiaries that have non-controlling interests

Name of company	% holding by non-controlling interests 2019	2018	Profit/(loss) allocated to non-controlling interests 2019 R	2018 R	Other comprehensive income allocated to non-controlling interests 2019 R	2018 R	Accumulated non-controlling interests 2019 R	2018 R
Aria Property Group (Pty) Limited	**40.0**	40.0	**13 097 880**	13 845 710	**489 204**	–	**151 466 549**	137 879 465
Stalagmite Property Investments (Pty) Limited	**33.3**	33.3	**(142 445)**	(192 426)	**–**	–	**2 049 210**	2 191 655
Generations Group**	**13.0**	13.0	**(681 761)**	(126 447)	**204 790**	–	**(103 073)**	392 685
West Coast Holiday Lifestyles (Pty) Limited	**25.0**	25.0	**653 562**	1 167 032	**–**	–	**2 592 101**	2 938 539
			12 927 236	14 693 869	**693 994**	–	**156 004 787**	143 402 344

** The Generations Group consists of Generation Holdings (Pty) Limited, Propgen (Pty) Limited, Generation Education (Pty) Limited, Si Institution (Pty) Limited and Blue Moon Montessori School (Pty) Limited.

Summary financial information in respect of each of the group's subsidiaries that has a material non-controlling interest is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Aria Property Group (Pty) Limited

	GROUP 2019 R	2018 R
Current assets (excluding cash and cash equivalents)	**9 953 540**	11 347 783
Cash and cash equivalents	**63 893 321**	19 288 006
Non-current asset held for sale	**37 770 760**	–
Non-current assets	**1 343 156 354**	1 417 001 063
Total assets	**1 454 773 975**	1 447 636 852
Current liabilities	**58 960 388**	94 758 806
Non-current liabilities	**1 018 370 107**	1 008 179 385
Total liabilities	**1 077 330 495**	1 102 938 191
Revenue	**220 598 822**	200 033 488
Fair value adjustments	**19 350 314**	19 961 320
Income from equity accounted investments	**16 050 091**	18 253 226
Interest received	**4 489 515**	2 982 165
Finance costs	**(93 330 324)**	(97 662 104)
Net operating expenses	**(107 030 212)**	(103 661 678)
Profit before tax	**60 128 206**	39 906 417
Profit after tax	**32 744 700**	35 959 994
Total comprehensive income	**32 744 700**	35 959 994
Net cash from/(used in) operating activities	**1 389 112**	(1 084 648)
Net cash from/(used in) investing activities	**71 519 730**	(14 941 841)
Net cash (used in)/from financing activities	**(28 303 527)**	6 619 458
Dividends paid to non-controlling interests	**–**	–
Dividends received by equity holders of the parent	**–**	–

6. INVESTMENTS

	Notes	GROUP 2019 R	2018 R
Financial asset at fair value through profit or loss			
Investment in unlisted shares	6.1	**107**	107
Investment in joint ventures	6.2	**24 563 182**	94 847 892
Investment in associate entities	6.3	**103 071 814**	88 472 826
Financial asset at fair value through profit or loss			
Investment in listed shares	6.4	**6 773 170**	10 603 059

The group's exposure to credit and interest rate risk related to investments is disclosed in note 28.

6.1 Financial asset at fair value through other comprehensive income

	2019 R	2018 R
Investments at fair value		
Investment in unlisted shares	**107**	107

6.2 Investment in joint ventures

Name of entity	Principal activity	2019 R	2018 R
The Woodstock Hub (Pty) Limited	Property investments	**9 428 116**	14 283 801
The Vredenburg Property Trust*	Property investments	**14 873 240**	16 706 464
Tremtrust 1*	Property investments	**261 826**	53 244 277
Rezzi Props No. 1 (Pty) Limited	Property investments	**–**	10 613 351
		24 563 182	94 847 892

* These entities are strategic to the group's operations.

All joint ventures are incorporated and operate solely in South Africa.

When the annual reporting date is different to the group's, financial information is obtained as at 31 August in order to report on an annual basis consistent with the group's reporting date.

The Vredenburg Property Trust and Tremtrust 1 have a 28 February reporting date.

6. INVESTMENTS (continued)

6.2 Investment in joint ventures (continued)

	GROUP	
	2019 R	2018 R
The Woodstock Hub (Pty) Limited		
The investment represents a 50% (2018: 50%) interest and comprises:		
Shares at cost	**50**	50
Post-acquisition reserves	**9 428 066**	14 283 751
	9 428 116	14 283 801

The group has signed total sureties in favour of Nedbank Limited for an amount limited to R24 million (2018: R7.5 million) and Investec Limited for an amount limited to R46.8 million (2018: R12.5 million) in respect of the above investment. At year-end, the total borrowings of The Woodstock Hub (Pty) Limited relating to the sureties amounted to R149 million (2018: R150.1 million).

	2019 R	2018 R
The Vredenburg Property Trust		
The investment represents a 50% (2018: 50%) interest and comprises:		
Cost at acquisition	**5 452 110**	5 452 110
Post-acquisition share of reserves	**9 421 130**	11 254 354
	14 873 240	16 706 464

The group has signed total sureties in favour of Nedbank Limited for an amount limited to R6.1 million (2018: R6.1 million) in respect of the above investment. At year-end, the total borrowings of The Vredenburg Property Trust relating to the sureties amounted to R19.2 million (2018: R19.3 million).

	2019 R	2018 R
Tremtrust 1		
The investment represents a 50% (2018: 50%) interest on formation of the trust and comprises:		
Cost at acquisition	**–**	–
Post-acquisition reserves	**261 826**	53 244 277
	261 826	53 244 277

The trust disposed of the investment property during the year and distributed the profits to beneficiaries.

The group has signed total sureties in favour of Nedbank Limited for an amount limited to Rnil (2018: R70 million) in respect of the above investment. At year-end, there were no borrowings of Tremtrust 1 (2018: R140.3 million).

	2019 R	2018 R
Rezzi Props No. 1 (Pty) Limited		
The investment represents a Nil% (2018: 50%) interest and comprises:		
Shares at cost	**50**	50
Post-acquisition reserves	**10 613 301**	10 613 301
Disposal	**(10 613 351)**	–
	–	10 613 351

The group disposed of the investment during the year. In the prior year the group signed surety in favour of Investec Bank Limited for an amount limited to R29.5 million in respect of the above investment. Total prior-year borrowings of Rezzi Props No. 1 (Pty) Limited relating to the sureties amounted to R60.1 million.

6. INVESTMENTS (continued)

6.2 Investment in joint ventures (continued)

Summarised financial information of the material joint ventures is set out below, not adjusted for the percentage ownership of the group:

	GROUP 2019 R	GROUP 2018 R
The Woodstock Hub (Pty) Limited		
Current assets (excluding cash and cash equivalents)	179 228	113 058
Cash and cash equivalents	2 353 545	4 416 480
Non-current assets	209 719 635	210 735 815
Total assets	212 252 408	215 265 353
Current liabilities	142 911 600	1 367 169
Non-current liabilities	50 484 576	185 330 583
Total liabilities	193 396 176	186 697 752
Revenue	12 222 683	10 965 945
Expenses	(7 707 874)	(6 307 643)
Fair value adjustments	–	1 470 703
Finance costs	(15 440 947)	(13 352 178)
Loss before tax	(10 926 138)	(7 223 173)
Tax	1 214 768	4 019 607
Loss after tax	(9 711 370)	(3 203 566)
Share of loss for the year	(4 855 685)	(1 601 783)
Dividends received from joint venture	–	–
Net asset value	18 856 232	28 567 601
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture is set out below:		
Net assets of the joint venture	18 856 232	28 567 601
Proportion of the group's ownership in the joint venture	50%	50%
Carrying amount of the group's interest in the joint venture	9 428 116	14 283 801
The Vredenburg Property Trust		
Current assets	62 918	–
Cash and cash equivalents	788 317	1 438 941
Non-current assets	62 043 354	59 455 278
Total assets	62 894 589	60 894 219
Current liabilities	5 615 416	8 939 193
Non-current liabilities	27 532 691	18 542 097
Total liabilities	33 148 107	27 481 290
Revenue	9 506 082	9 239 078
Expenses	(6 169 392)	(4 661 692)
Fair value adjustment	2 588 075	2 491 017
Finance costs	(1 901 396)	(1 614 023)
Profit before tax	4 023 369	5 454 380
Tax	(608 303)	(557 988)
Profit after tax	3 415 066	4 896 392
Total comprehensive income	3 415 066	4 896 392
Share of profit for the year	1 707 533	2 448 196
Distributions received from joint venture	(3 540 756)	(3 500 000)
Net asset value	29 746 482	33 412 929
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture is set out below:		
Net assets of the joint venture	29 746 482	33 412 929
Proportion of the group's ownership in the joint venture	50%	50%
Carrying amount of the group's interest in the joint venture	14 873 240	16 706 464

6. INVESTMENTS (continued)

6.2 Investment in joint ventures (continued)

	GROUP	
	2019 R	2018 R
Tremtrust 1		
Current assets	**6 980**	–
Cash and cash equivalents	**4 881 042**	4 102 997
Non-current assets	**902 291**	300 001 241
Total assets	**5 790 313**	304 104 238
Current liabilities	**5 266 662**	24 847 739
Non-current liabilities	**–**	172 767 946
Total liabilities	**5 266 662**	197 615 685
Revenue	**16 318 066**	33 669 662
Expenses	**(8 189 524)**	(8 048 861)
Fair value adjustment	**(6 916 319)**	29 862 597
Interest received	**67 132**	58 610
Finance costs	**(9 387 440)**	(17 470 396)
(Loss)/profit before tax	**(8 108 085)**	38 071 612
Tax	**33 283 528**	(7 854 877)
Profit after tax	**25 175 443**	30 216 735
Total comprehensive income	**25 175 443**	30 216 735
Share of profit for the year	**12 587 722**	15 108 368
Distributions received from joint venture	**(65 570 173)**	–
Net asset value	**523 651**	106 488 553
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture is set out below:		
Net assets of the joint venture	**523 651**	106 488 553
Proportion of the group's ownership in the joint venture	**50%**	50%
Carrying amount of the group's interest in the joint venture	**261 826**	53 244 277
Summarised information in respect of joint ventures that are not individually material:		
Aggregate share of profit for the year	**–**	434 353
Aggregate share of other comprehensive income	**–**	–
Aggregate total comprehensive income	**–**	434 353

6. INVESTMENTS (continued)

6.3 Investment in associate entities

		GROUP 2019 R	GROUP 2018 R
Name of entity	**Principal activity**		
Leopard ASK Intermediate Investco Limited*	Specialised property financing	**92 821 294**	78 750 353
ASK Partners Holdco Limited*	Specialised property financing	**9 192 393**	6 104 518
Buffshelf 70 Trust	Property investments	**198 199**	3 617 956
Yieldex Trading 2 (Pty) Limited	Property investments	**859 928**	–
		103 071 814	88 472 826

* These entities are strategic to the group's operations.

Buffshelf 70 Trust and Yieldex Trading 2 (Pty) Limited are incorporated and operate solely in South Africa.

Leopard ASK Intermediate Investco Limited and ASK Partners Holdco Limited are incorporated and operate solely in the United Kingdom.

Buffshelf 70 Trust is an associate held indirectly through our 60% subsidiary, Aria Property Group (Pty) Limited. The entity owns a retail property in the Western Cape.

When the annual reporting date is different to the group's, financial information is obtained as at 31 August in order to report on an annual basis consistent with the group's reporting date.

Due to the nature of Buffshelf 70 Trust, the trust has a 28 February reporting date. Leopard ASK intermediate Investco Limited and ASK Partners Holdco Limited's reporting date is 31 December which is in line with the controlling shareholder's reporting date.

	GROUP 2019 R	GROUP 2018 R
Leopard ASK Intermediate Investco Limited		
The investment represents a 40% (2018: 40%) interest and comprises:		
Cost	**67 649 200**	67 649 200
Foreign currency translation reserve	**6 802 669**	3 393 349
Post-acquisition share of reserves	**18 369 424**	7 707 804
	92 821 293	78 750 353
ASK Partners Holdco Limited		
The investment represents a 40% (2018: 40%) interest and comprises:		
Cost	**4 735 444**	4 735 444
Foreign currency translation reserve	**173 231**	340 349
Post-acquisition share of reserves	**4 283 718**	1 028 725
	9 192 393	6 104 518
Buffshelf 70 Trust		
The investment represents a 20% (2018: 20%) interest on formation of the trust and comprises:		
Cost at acquisition	**–**	–
Post-acquisition share of reserves	**198 199**	3 617 956
	198 199	3 617 956
Yieldex Trading 2 (Pty) Limited		
The investment represents a 30% (2018: nil%) interest and comprises:		
Cost at acquisition	**30**	–
Post-acquisition share of reserves	**859 898**	–
	859 928	–

6. INVESTMENTS (continued)

6.3 Investment in associate entities (continued)

Summarised financial information of the material associates is set out below, not adjusted for the percentage ownership of the group:

	GROUP	
	2019 R	2018 R
Leopard ASK Intermediate Investco Limited		
Current assets	**154 371 769**	253 124 710
Cash and cash equivalents	**42 240 274**	13 214 369
Total assets	**196 612 043**	266 339 079
Current liabilities	**103 790 749**	170 936 996
Total liabilities	**103 790 749**	170 936 996
Revenue	**19 562 169**	24 961 571
Expenses	**(9 066 007)**	(7 003 795)
Profit before tax	**10 496 162**	17 957 776
Tax	**–**	–
Profit after tax	**10 496 162**	17 957 776
Other comprehensive income	**3 409 320**	8 789 655
Total comprehensive income	**13 905 482**	26 747 431
Share of profit for the year	**10 661 620**	7 183 110
Share of other comprehensive income	**3 409 320**	3 515 862
Dividends received from associate	**–**	–
Net asset value	**92 821 294**	95 402 083
Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate is set out below:		
Net assets of the associate	**92 821 294**	95 402 083
Less shares attributable to Trematon	**(67 649 200)**	(67 649 200)
	25 172 094	27 752 883
% ownership of associate	**40.00%**	40.00%
Proportion of the group's ownership in the associate	**10 068 838**	11 101 153
Add additional share of profits due	**15 103 256**	–
Add cost of investment	**67 649 200**	67 649 200
Carrying amount of the group's interest in the associate	**92 821 294**	78 750 353
Trematon has a 40% investment in Leopard Ask Intermediate Investco Limited, but a right to dividend distributions equal to 100% of the entity's profits in the current year. This is due to the controlling shareholder receiving its percentage of returns by way of interest income in the current year.		
Summarised information in respect of associates that are not individually material:		
Aggregate share of profit for the year	**5 869 729**	1 810 767
Aggregate other comprehensive income	**–**	–
Aggregate total comprehensive income	**5 869 729**	1 810 767

6. INVESTMENTS (continued)

	GROUP 2019 R	GROUP 2018 R
6.4 Financial asset at fair value through profit or loss		
Listed investments		
6 347 089 (2018: 6 347 089) shares in Don Group Limited	**380 825**	380 825
91 319 220 (2018: 91 319 220) shares in Freedom Property Fund Limited	**6 392 345**	6 392 345
Nil (2018: 226 640) shares in La Concorde Holdings Limited	**–**	2 833 000
Nil (2018: 212 104) shares in Hosken Passenger Logistics & Rail Limited	**–**	996 889
	6 773 170	10 603 059
6.5 Summary of profit/(loss) from equity accounted investments (net of tax)		
The Woodstock Hub (Pty) Limited	**(4 855 685)**	(1 601 783)
The Vredenburg Property Trust	**1 707 533**	2 448 196
Tremtrust 1	**12 587 722**	15 108 368
Rezzi Props No. 1 (Pty) Limited	**–**	434 353
Yieldex Trading 2 (Pty) Limited	**859 899**	–
Leopard ASK Intermediate Investco Limited	**10 661 620**	7 183 110
ASK Partners Holdco Limited	**3 254 993**	1 114 104
Buffshelf 70 Trust	**1 754 836**	696 663
	25 970 918	25 383 010

7. LOANS TO GROUP COMPANIES

	COMPANY	
	2019 R	2018 R
Trematon Share Incentive Trust	**39 954 259**	39 954 259
Tremtrade (Pty) Limited	**185 705 917**	160 050 314
	225 660 176	200 004 573
Non-current assets	**115 989 547**	100 440 562
Current assets	**109 670 629**	99 564 011
	225 660 176	200 004 573

The loan to Tremtrade is unsecured and a portion of the loan bears interest at a rate linked to prime with the remaining balance interest free. The loan has no repayment terms and is therefore payable on demand.

The loan to the Trematon Share Incentive Trust is unsecured and attracts interest at rates linked to prime. The loan is repayable when the convertible debentures are converted into ordinary shares.

Credit quality

Management reviewed the credit risk at period-end and determined the credit risk has not significantly increased from initial recognition with a low risk of default in the next 12 months. Expected credit losses are limited to the 12-month expected credit losses only. Expected credit losses for the 12-month period have been determined as below:

Trematon Share Incentive Trust

Expected credit losses are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest are not expected as the loan is linked to the underlying investment held by the Trust (being shares in Trematon). The estimated value of Trematon is significantly more than the weighted average share price at the respective grant dates in which the outstanding loan balance is determined. The current and historic share price, together with forward-looking financial information of the Trematon Group were all taken into account in this assessment. Trematon's shares have remained stable over the years and a significant decrease is not anticipated based on budgets and forecasts.

Tremtrade

Expected credit losses are limited to the 12-month ECLs. Credit losses on the outstanding capital are not expected as the value of the underlying assets consist of investment property which would be sufficient to recover the loan balance over time, as the value of the properties are significantly more than the loan balance including other liabilities within each entity. The expected value changes in the property industry, future cash forecasts and the credit ratings of tenants were all taken into account in this assessment.

The expected period of recovery has not changed from what was originally anticipated and therefore no impairment on the loans have been identified. All the loans have been assessed as performing and no impairment has been recognised. Between balance sheet date and the date on which the financial statements were signed there have been no indications or events that have increased the expected credit loss risk.

No credit losses were determined in the assessment of the comparative information and no adjustments to the opening balances were therefore required.

The company's exposure to credit risk is disclosed in note 28.

8. DEFERRED TAX

	GROUP	
	2019 R	2018 R
Deferred tax asset	**15 147 454**	3 413 346
Deferred tax liability	**(116 687 637)**	(99 517 568)
	(101 540 183)	(96 104 222)
Comprises:		
Deferred tax asset on fair value adjustments through profit and loss	**3 204 814**	400 756
Temporary differences arising from fair value adjustments on acquisition of subsidiary	**(2 555 506)**	(2 790 761)
Temporary difference on tax losses	**21 649 020**	16 966 370
Temporary differences arising from revaluation of property, plant and equipment	**(9 453 918)**	(8 795 841)
Temporary differences from fair value adjustments on investment properties	**(101 844 238)**	(95 347 211)
Temporary differences arising from operating lease assets	**(9 710 188)**	(5 637 292)
Temporary differences arising from accelerated allowances on property, plant and equipment	**(5 216 157)**	(4 169 474)
Temporary differences arising from income received in advance	**2 907 235**	2 490 777
Temporary differences arising from prepayments	**(1 496 004)**	–
Temporary differences arising from accrued expenses	**974 759**	778 454
	(101 540 183)	(96 104 222)
Reconciliation of deferred tax		
At the beginning of the year	**(96 104 222)**	(94 049 860)
Fair value adjustment through profit and loss	**2 804 058**	(1 001 221)
Fair value adjustments on acquisition of subsidiaries	**235 255**	35 774
Tax losses	**4 682 650**	10 090 865
Revaluation of property, plant and equipment	**(658 077)**	(1 421 187)
Fair value adjustments on investment properties	**(6 497 027)**	(7 981 728)
Operating lease assets	**(4 072 896)**	(2 273 990)
Accelerated allowances on property, plant and equipment	**(1 046 683)**	–
Fair value adjustment on income received in advance	**416 458**	1 433 375
Temporary differences arising from prepayments	**(1 496 004)**	–
Temporary differences arising from accrued expenses	**196 305**	(936 250)
	(101 540 183)	(96 104 222)

Deferred tax has been calculated at 22.4% (2018: 22.4%) on the fair value adjustments on investment properties.

A deferred tax asset amounting to R4 million (2018: R4.4 million) for the company in respect of estimated tax losses has not been recognised as it is not sufficiently probable that the related tax benefit will be realised.

The directors have assessed that it is appropriate to recognise the deferred tax asset for tax losses on the remaining companies as it will be realised through future profits generated by the individual subsidiaries of the group.

9. LOANS RECEIVABLE

	GROUP	
	2019 R	2018 R
Current portion		
Cloudberry Investments 18 (Pty) Limited	**3 052 134**	9 446 954
Buffshelfco 24 (Pty) Limited	**6 646 817**	–
Rezzi Props No. 1 (Pty) Limited	**–**	11 128 461
	9 698 951	20 575 415
Long-term portion		
The Woodstock Hub (Pty) Limited	**19 952 242**	16 012 435
Tremtrust 1	**2 615 561**	9 326 490
Buffshelf 70 Trust	**–**	1 155 098
Vredenberg Property Trust	**2 690 756**	–
Buffshelfco 24 (Pty) Limited	**–**	6 646 817
Epstein Family Investments (Pty) Limited	**15 434 062**	12 011 669
Glisan Street Investments (Pty) Limited	**8 853 959**	8 421 913
Yieldex Trading 2 (Pty) Limited	**9 496 192**	–
The Vondeling Family Trust	**1 178 734**	1 837 901
	60 221 506	55 412 323
	69 920 457	75 987 738
Analysis of Cloudberry Investments 18 (Pty) Limited loan		
Gross loan value	**3 052 134**	19 235 443
Provision for impairment	**–**	(9 788 489)
	3 052 134	9 446 954
Movement in the group provision for impairment of loans receivable is as follows:		
Opening balance	**9 788 489**	7 122 039
Additional provision for impairment charged in profit or loss	**10 246 919**	2 666 450
Loan written off to recoverable amount	**(20 035 408)**	–
	–	9 788 489

The creation and release of provision for expected credit losses have been included in profit and loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering the cash.

The amounts owing by Cloudberry, Rezzi Props and Buffshelfco and a portion of Glisan Street are interest free. The remaining loans bear interest at variable rates linked to prime. The loans have no repayment terms and are therefore considered to be repayable on demand.

The group had signed limited suretyship in favour of Nedbank Limited for Cloudberry for the amount of R13.5 million in 2018 linked to its borrowings from Nedbank Limited. The loan was settled during the year and the surety released. The impaired portion of the Cloudberry loan was written off in the current year as the underlying assets in Cloudberry were disposed of during the year. The recoverable amount of the loan is recognised at year-end.

During the current year, a portion of the Cloudberry loan was moved from lifetime ECL (credit impaired) to written off.

At year-end, Trematon in turn has total loans due from Cloudberry of R3.1 million (2018: R19.2 million). This amount will be recovered from the proceeds from the sale of the listed investments held in Cloudberry.

The mark-to-market value, which equals the carrying value, is based on the company’s net asset value at year-end.

9. LOANS RECEIVABLE (continued)

Credit quality

Management reviewed the credit risk at period-end and determined the credit risk has not significantly increased from initial recognition with a low risk of default in the next 12 months. ECLs are limited to the 12-month ECLs only. ECLs for the 12-month period have been determined as below:

Cloudberry Investments 18, Buffshelfco 24 and Tremtrust 1

ECLs are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest (if applicable) are not expected as these loans are considered highly liquid due to the realisation of the underlying assets.

The Woodstock Hub, Vredenberg Property Trust, Glisan Street Investments and Yieldex Trading 2

ECLs are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest (if applicable) are not expected as the value of each entity's underlying assets consists of investment property which would be sufficient to recover the loan balance over time, as the value of the properties are significantly more than the loan balance including other liabilities within each entity. The expected value changes in the property industry, future cash forecasts and the credit ratings of tenants were all taken into account in this assessment.

The Vondeling Family Trust

ECLs are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest are not expected as the loan is secured by the shares held in West Coast Holiday Lifestyle (Pty) Limited. The net asset value of West Coast Holiday Lifestyle is significantly more than the outstanding loan balance and has a history of making profits. Forward-looking financial information such as forecasts and budgets have been reviewed and the financial health of the company is positive. In terms of the shareholders' agreement any dividends declared by West Coast is first used to settle the outstanding interest and capital. During the current year a dividend of R4 million was declared by West Coast Holiday Lifestyle which reduced the loan by R0.8 million. This further reduces the ECL risk.

Epstein Family Investments (Pty) Limited

ECLs are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest are not expected as the loan is secured by the shares held in the Generation Education Group. The net asset value and the intrinsic net asset value of the Generation Education Group is significantly more than the outstanding loan balance. Forward-looking financial information such as forward-looking price-earnings ratios, future cash flow forecasts and the credit quality of parents were all taken into account in this assessment. In terms of the shareholders' agreement any dividends declared by the Generation Group is first used to settle the outstanding interest and capital which further reduces the ECL risk.

The expected period of recovery has not changed from what was originally anticipated and therefore no impairment on the loans have been identified. All the loans have been assessed as performing and no impairment has been recognised. Between balance sheet date and the date on which the financial statements were signed there have been no indications or events that have increased the ECL risk.

No significant credit losses were determined in the assessment of the comparative information and no adjustments to the opening balances were therefore required.

The group's exposure to credit risk is disclosed in note 28.

10. TRADE AND OTHER RECEIVABLES

	GROUP 2019 R	GROUP 2018 R
Trade accounts receivable	**5 821 769**	8 625 562
Other receivables	**914 249**	1 322 114
Prepayments and deposits	**6 429 238**	6 080 256
VAT	**1 765 322**	3 377 933
	14 930 578	19 405 865
Categorisation of trade and other receivables		
At amortised cost	**6 736 018**	9 947 676
Non-financial instruments	**8 194 560**	9 458 189
	14 930 578	19 405 865

Credit quality

The group's exposure to credit risk is influenced mainly by the characteristics of each debtors book, namely rent receivable and school fees receivables.

Management also considers the factors that may influence credit risk including the default risk of the industry and geographical location in which customers operate. For the different portfolios different economic factors will be considered. The credit-granting policy is set on a group basis and managed at operating entity level. Each business unit in the group is responsible for the management of credit risk in receivables and does so through ongoing credit evaluations and credit control policies and procedures.

Trade receivables comprise a widespread customer base in South Africa and is split into different portfolios, namely rental income and school fees. The majority of the customers are concentrated in the private sectors. Due to the diverse nature of the operations, management does not believe that the group is significantly exposed to a high concentration of credit risk. Any change in the credit quality of trade receivables is considered from the date credit was granted up to the reporting date. The credit quality of the customer for the different portfolios are considered on a collective basis taking into account past experience and other factors. For all the portfolios there has been a history of low levels of credit risk. This is mainly due to the following:

- Rent and school fee receivables are paid monthly in advance for the respective service to be performed.
- Lease tenants are required to provide a deposit amounting to two months of rental income before occupying the premises.
- Due to the long-term nature of educational services, the threat of suspension proves to be a strong factor in encouraging parents to settle their children's school fees.
- Before accepting a new client, the group runs thorough credit and background checks in order to determine the potential customer's creditworthiness.

Expected credit loss model

The group applied the simplified approach to determine the ECL for trade receivables including lease receivables, by calculating the lifetime ECLs for these trade receivables and lease receivables. An impairment analysis is performed at each reporting date using a provision matrix. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The group split its customer base based on the portfolios mentioned above. The calculation reflects the probability-weighted outcome at the reporting date about past events, current conditions and a forecast on future economic conditions, such as inflation and financial position of tenants and parents. The assessment on future economic conditions are based on past history and experience.

There was no adjustment required to the opening loss allowance recognised under IAS 39 as at 1 September 2018 and no credit loss was determined to be material in the current year and therefore no provision for ECLs were made.

The fair value of trade and other receivables approximates the carrying value due to the short-term nature thereof.

The group's exposure to credit risk and impairment losses related to trade and other receivables are disclosed in note 28.

11. INVENTORIES

	GROUP	
	2019 R	2018 R
Property and land for development	35 038 651	37 587 504
Residential – developed and undeveloped	26 223 050	28 771 903
Commercial – undeveloped	8 815 601	8 815 601
Residential developed units	10 476 869	12 556 163
Other	114 911	633 748
	45 630 431	50 777 415

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2019 R	2018 R	2019 R	2018 R
Bank balances	146 433 357	99 042 471	355 606	8 428 585
Current assets	146 433 357	99 042 471	355 606	8 428 585

The group has undrawn borrowing facilities of R65 million (2018: R55 million) with Nedbank Limited.

The group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in note 28.

13. SHARE CAPITAL AND SHARE PREMIUM

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Authorised				
1 000 000 000 ordinary shares of 1 cent each	**10 000 000**	10 000 000	**10 000 000**	10 000 000
781 029 443 (2018: 783 811 803) unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued				
218 970 557 (2018: 216 188 197) ordinary shares of 1 cent each	**2 189 706**	2 161 881	**2 189 706**	2 161 881
Share premium	**288 106 450**	291 334 661	**288 106 450**	291 334 661
	290 296 156	293 496 542	**290 296 156**	293 496 542

	GROUP 2019	GROUP 2018
Treasury shares		
Number of treasury shares held at year-end	**–**	43 871
Number of shares		
Balance at the beginning of the year	**216 144 326**	217 347 679
Debentures converted to ordinary shares*	**–**	351 723
Treasury shares acquired	**–**	(1 555 076)
Ordinary shares issued	**2 826 231**	–
Restricted shares issued in terms of share plan (note 14)	**(2 826 231)**	–
Balance at the end of the year	**216 144 326**	216 144 326
Weighted number of shares		
Balance at the beginning of the year	**216 144 326**	217 347 679
Ordinary shares issued – weighted	**843 998**	179 234
Restricted shares issued in terms of share plan – weighted	**(843 998)**	–
Treasury shares acquired – weighted	**–**	(885 582)
Weighted average number of ordinary shares in issue during the year	**216 144 326**	216 641 331
Diluted weighted average number of shares		
Weighted average number of ordinary shares in issue during the year	**216 144 326**	216 641 331
Convertible debentures issued in prior years – weighted	**18 075 203**	18 426 926
Share incentive scheme – weighted	**–**	1 194 174
Convertible debentures exercised in current year – weighted	**–**	(179 234)
Restricted shares issued in terms of share plan - weighted	**843 998**	–
Diluted weighted average number of shares at the end of the year	**235 063 527**	236 083 197

The treasury shares were held by Trematon Capital Investments Limited.

No treasury shares were purchased during the current year. The weighted average price of the treasury shares purchased during the prior year was R2.98.

During the year 43 871 (2018: 1 934 855) treasury shares were cancelled and added to unissued ordinary shares.

* Debentures converted at R1.60 per share as per the Trematon Share Incentive Scheme.

14. SHARE-BASED PAYMENTS

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Share-based payment	**4 374 588**	3 977 240	**4 374 588**	3 977 240
Equity	**11 769 389**	15 681 195	**11 769 389**	15 681 195
Reconciliation of share-based payment reserve:				
Balance at the beginning of the year	**15 681 195**	11 826 051	**15 681 195**	11 826 051
Share-based payment expense for the year (recognised in profit/loss)	**4 374 588**	3 977 240	**4 374 588**	3 977 240
Settlement of share-based payment	**(8 286 394)**	(122 096)	**(8 286 394)**	(122 096)
Balance at the end of the year	**11 769 389**	15 681 195	**11 769 389**	15 681 195

No convertible debentures were converted to ordinary shares during the year (2018: 351 723 shares were issued at a weighted average exercise price of R1.60 each).

14.1 Share incentive scheme

In the prior year the company implemented a new incentive scheme for executive directors and selected employees which was approved at the annual general meeting of the company on 24 January 2018.

The terms of the scheme, which grants to the participants ordinary shares at a fixed price that vest at various dates, have given rise to a share-based payment transaction. The scheme consists of yearly tranches and each tranche is dependent on the performance of the group. The vesting periods range from two to three years. The share-based payment transaction has been recognised and measured in terms of IFRS 2.

In terms of the scheme, scheme shares are issued to directors once granted. The issued shares carry dividends but are restricted until the end of the vesting period.

Details of the arrangements are as follows:

Participants:	Executive directors and selected employees
Date of grant:	25 January 2018
Number of shares granted:	1 981 243
Vesting period:	2 years
Price per share:	R2.92

Participants:	Executive directors and selected employees
Date of grant:	19 November 2018
Number of shares granted:	844 988
Vesting period:	3 years
Price per share:	R2.96

The price of the shares is calculated based on the 30-day volume-weighted average price of the company's shares at the date of grant.

Restricted shares issued in terms of share incentive scheme

	Opening balance	Restricted shares issued	Shares vested	Closing balance	Exercise price per share issued during the year R
2019					
AJ Shapiro	–	1 060 590	–	1 060 590	R2.92/R2.96
A Groll	–	681 811	–	681 811	R2.92/R2.96
AL Winkler	–	609 389	–	609 389	R2.92/R2.96
Other employees	–	474 441	–	474 441	R2.92/R2.96
	–	2 826 231	–	2 826 231	

14. SHARE-BASED PAYMENTS (continued)

14.2 Debenture incentive scheme

During the year ended 31 August 2012 the company implemented an incentive scheme for executive directors and selected employees. Further details regarding the scheme are contained in note 15.

The terms of the scheme, which grants to the participants the option to convert the debentures into ordinary shares at a fixed price at any stage after the expiry of three years, have given rise to a share-based payment transaction (see note 15 for further details). The share-based payment transaction has been recognised and measured in terms of IFRS 2.

Details of the arrangements are as follows:

Participants:	Executive directors and selected employees
Date of grant:	25 January 2012
Number of shares granted:	12 500 000
Vesting period:	3 years
Grant/exercise price per share:	R1.60

Participants:	Executive directors and selected employees
Date of grant:	13 August 2013
Number of shares granted:	1 250 000
Vesting period:	3 years
Grant/exercise price per share:	R2.81

Participants:	Executive directors and selected employees
Date of grant:	14 August 2014
Number of shares granted:	1 300 000
Vesting period:	3 years
Grant/exercise price per share:	R3.65

Participants:	Executive directors and selected employees
Date of grant:	26 February 2015
Number of shares granted:	3 380 203
Vesting period:	3 years
Grant/exercise price per share:	R3.00

Participants:	Executive directors and selected employees
Date of grant:	14 November 2016
Number of shares granted:	1 445 000
Vesting period:	3 years
Grant/exercise price per share:	R3.07

No options were granted during the current and prior years in terms of the original share option scheme. The share-based payment expense for the year was R0.6 million (2018: R1.5 million).

15. CONVERTIBLE DEBENTURES

	COMPANY 2019 R	2018 R
Debentures	**30 819 670**	31 203 511
Equity	**30 742 072**	30 742 072
Non-current liability	**–**	77 598
Current liability	**77 598**	383 841
	30 819 670	31 203 511
Reconciliation of debentures:		
Balance at the beginning of the year	**31 203 511**	32 563 670
Unwinding of liability	**(383 841)**	(797 402)
Debentures converted during the year	**–**	(562 757)
Balance at the end of the year	**30 819 670**	31 203 511

The terms and conditions of the scheme are as follows:

Debentures are granted to executive directors and selected employees.

In terms of the incentive scheme, which was approved at the annual general meeting of the company on 25 January 2012, participants were issued convertible debentures that can be converted into ordinary shares at the option of the participant after a minimum period of three years, exercisable at the debenture issue price. The vesting period is deemed to be three years and the debentures have no expiry date.

The cost of the debentures is calculated as the average trading price of a Trematon share over the 20 trading days prior to the debentures being issued.

A corresponding loan was issued to participants. This loan was approved simultaneously with the issue of debentures at the annual general meeting mentioned above.

The debentures and the loan carry interest at the same rate which is linked to the prime rate of borrowing. The loans must be settled once the debentures are converted to shares. The participants' loans will have the same value as the debentures they received as disclosed in the table below.

The convertible debentures and corresponding loans receivable have been eliminated on consolidation.

Movements in the number and price of debentures outstanding are as follows:

	2019		2018	
	Number of debentures	**Price per debenture R**	Number of debentures	Price per debenture R
Balance at the beginning of the year	**18 075 203**	**–**	18 426 926	–
Debentures converted during the year	**–**	**–**	(351 723)	–
Balance at the end of the year	**18 075 203**		18 075 203	

16 630 203 of the debentures are exercisable as at 31 August 2019 (2018: 16 630 203). The related weighted average exercise price is R2.14 per debenture (2018: R2.14).

1 445 000 of the debentures that are outstanding and not exercisable as at 31 August 2019 (2018: 1 445 000) have a weighted average exercise price of R3.07 (2018: R3.07). The exercise price is R3.07 (2018: R3.07).

15. CONVERTIBLE DEBENTURES (continued)

Number and price of debentures held by directors and selected employees:

	Opening balance	Number exercised	Closing balance
2019			
A Groll	**7 897 589**	**–**	**7 897 589**
AJ Shapiro	**7 897 589**	**–**	**7 897 589**
AL Winkler	**876 777**	**–**	**876 777**
Other employees	**1 403 248**	**–**	**1 403 248**
	18 075 203	**–**	**18 075 203**
2018			
A Groll	7 897 589	–	7 897 589
AJ Shapiro	7 897 589	–	7 897 589
AL Winkler	1 228 500	(351 723)	876 777
Other employees	1 403 248	–	1 403 248
	18 426 926	(351 723)	18 075 203

	Number of debentures	
	2019	2018
Debentures authorised for allotment – opening balance	**6 839 170**	6 839 170
Debentures issued during the year	**–**	–
Balance available for allotment at the end of the year	**6 839 170**	6 839 170

16. FAIR VALUE RESERVE

	GROUP	
	2019 R	2018 R
Comprises:		
Fair value gain on revaluation of property, plant and equipment	**42 806 999**	39 869 156
Tax effects on revaluation of property, plant and equipment	**(9 453 918)**	(8 795 841)
	33 353 081	31 073 315
Reconciliation of movement in fair value reserve		
At the beginning of the year	**31 073 315**	26 149 917
Fair value gain on revaluation of property, plant and equipment	**3 832 166**	6 344 585
Tax effects of fair value adjustments	**(858 406)**	(1 421 187)
Non-controlling interest share in reserve	**(693 994)**	–
	33 353 081	31 073 315

17. LOANS PAYABLE

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Current portion				
ABSA Bank Limited	**–**	932 996	**–**	–
Nedbank Limited	**24 507 526**	6 000 000	**9 797 164**	–
Investec Bank Limited	**53 605 367**	2 116 426	**–**	–
The Sphinx Trust	**–**	5 358 874	**–**	–
Other loan	**816 884**	666 547	**–**	–
	78 929 777	15 074 843	**9 797 164**	–
Long-term portion				
ABSA Bank Limited	**–**	16 741 354	**–**	–
Standard Bank of South Africa Limited	**258 603 963**	245 022 348	**–**	–
Nedbank Limited	**723 120 321**	724 581 966	**25 345 000**	9 796 015
Investec Bank Limited	**46 263 253**	110 613 903	**–**	–
	1 027 987 537	1 096 959 571	**25 345 000**	9 796 015
	1 106 917 314	1 112 034 414	**35 142 164**	9 796 015

The ABSA loan was settled during the year and bore interest at rates linked to prime. The loan was secured by a first covering mortgage bond over Erf 4729, Gansbaai.

The Standard Bank loan bears interest linked to prime and capital payments begin from 2020. The loan is secured by a first covering mortgage bond over the respective properties.

The amount owing to Nedbank Limited comprises various loans which bear interest at rates linked to prime. Repayments vary on each loan. Some loan repayments are interest only, where others include capital and interest. The loans are secured by a first covering mortgage bond over the respective properties.

The amount owing to Investec Bank Limited comprises various loans which bear interest at rates linked to prime. Repayments vary on each loan. The loan repayments include capital and interest. The loans are secured by a first covering mortgage bond over the respective properties.

The loan from the Sphinx Trust bore interest at rates linked to prime. The loan was repaid during the year.

The group has signed total sureties in favour of Nedbank Limited for an amount limited to R475.1 million (2018: R546.5 million) in respect of the above loans.

The group has signed total sureties in favour of Standard Bank Limited for an amount limited to R57 million (2018: R57 million) in respect of the above loan.

The group has signed sureties in favour of Investec Bank Limited for an amount limited to R179.6 million (2018: R123.2 million) in respect of the above loans.

The group's exposure to interest rate and liquidity risk is disclosed in note 28.

The loans are recorded at amortised cost which approximates fair value.

18. TRADE AND OTHER PAYABLES

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Trade payables	**14 415 992**	1 813 191	**68 647**	55 075
Deposits	**8 737 845**	7 539 503	**–**	–
Sundry creditors	**15 195 098**	6 170 721	**–**	–
VAT	**1 295 684**	2 109 942	**–**	–
Accruals	**3 759 205**	3 170 955	**–**	–
Income received in advance	**10 560 681**	8 895 635	**–**	–
Other payables	**32 952 893**	32 937 544	**–**	–
	86 917 398	62 637 491	**68 647**	55 075
Categorisation of trade and other payables				
At amortised cost	**71 301 828**	48 460 959	**68 647**	55 075
Non-financial instruments	**15 615 570**	14 176 532	**–**	–
	86 917 398	62 637 491	**68 647**	55 075

Fair value of trade and other payables approximates the carrying value due to the short-term nature thereof.

19. REVENUE

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Revenue				
Rental income	**262 340 236**	245 816 422	**–**	–
Sale of property and land	**21 395 309**	15 417 231	**–**	–
School and registration fees	**64 745 802**	37 340 094	**–**	–
Other school income	**6 192 996**	2 243 287	**–**	–
Commission received	**7 333 221**	–	**–**	–
Services and other revenue	**11 667 863**	1 427 873	**–**	–
	373 675 427	302 244 907	**–**	–
Investment revenue				
Dividend income – listed investments	**–**	3 625 213	**2 303**	54 635
– subsidiaries	**–**	–	**4 437 371**	–
Interest received – joint ventures	**468 898**	1 087 919	**–**	–
– associates	**829 401**	98 897	**–**	–
– subsidiaries	**–**	–	**6 308 334**	4 748 653
– bank	**8 535 860**	8 989 452	**123 050**	858 598
– other	**2 770 246**	1 529 284	**–**	–
	12 604 405	15 330 765	**10 871 058**	5 661 886
	386 279 832	317 575 672	**10 871 058**	5 661 886
Revenue per segment				
Property investments	**311 901 638**	273 593 067	**–**	–
Education	**71 777 602**	40 357 392	**–**	–
Corporate and other revenue	**2 600 592**	3 625 213	**10 871 058**	5 661 886
	386 279 832	317 575 672	**10 871 058**	5 661 886
Timing of revenue recognition				
At a point in time	**46 589 389**	19 088 391	**–**	–
Over time	**64 745 802**	37 340 094	**–**	–
Straight-line basis	**262 340 236**	245 816 422	**–**	–
	373 675 427	302 244 907	**–**	–

Refer to note 30.1 for the financial category of investment revenue.

20. OPERATING PROFIT/LOSS

	GROUP		COMPANY	
	2019 R	2018 R	2019 R	2018 R
Operating profit/loss is stated after accounting for the following:				
Other income				
Sundry income	**2 429 847**	1 097 571	**–**	–
Other operating expenses				
Depreciation	**(7 108 516)**	(7 401 518)	**–**	–
Municipal expenses	**(72 508 767)**	(69 639 119)	**–**	–

21. FINANCE COSTS

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Loans payable	**106 909 645**	110 132 354	**2 631 042**	1 038 557
Other loans	**1 606 584**	411 454	**3 293 451**	2 912 695
	108 516 229	110 543 808	**5 924 493**	3 951 252

Refer to note 30.1 for the financial category disclosure of finance costs.

22. INCOME TAX EXPENSE

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
South African normal tax				
Current tax – current year	**21 876 183**	79 158	**–**	–
– prior year	**3 113**	–	**–**	–
Deferred tax				
Deferred tax – temporary differences	**4 035 200**	713 269	**–**	–
	25 914 496	792 427	**–**	–

	%	%	%	%
Reconciliation of effective tax rate:				
Statutory tax rate	**28.0**	28.0	**28.0**	28.0
Profit from equity accounted investments – exempt	**(11.9)**	(14.0)	**–**	–
Other tax-exempt income	**(1.0)**	(6.8)	**–**	–
Trust distributions – non-deductible	**28.0**	–	**–**	–
Other non-deductible expenses*	**9.6**	5.0	**–**	–
Capital gains tax	**(6.4)**	(3.6)	**–**	–
Tax losses	**(3.8)**	(7.1)	**(28.0)**	(28.0)
Effective tax rate	**42.5**	1.5	**–**	–

* Included in the current-year other non-deductible expenses is the loss on sale of joint venture and share-based payment expense.

23. EARNINGS AND NET ASSET VALUE PER SHARE

	GROUP 2019 Cents	GROUP 2018 Cents
Net asset value per share	**411**	407
Basic earnings per share	**10.2**	16.5
Diluted earnings per share	**9.4**	15.1

The calculation of net asset value per share is based on 218 970 557 ordinary shares in issue at year-end (2018: 216 144 326) and total equity attributable to ordinary shareholders of R900 738 727 (2018: R880 057 381).

The calculation of basic earnings per share is based on the weighted average number of 216 144 326 ordinary shares in issue during the year (2018: 216 641 331) and profit attributable to ordinary shareholders of R22 134 409 (2018: R35 657 351).

The calculation of diluted earnings per share is based on the diluted weighted average number of 235 063 527 ordinary shares in issue during the year (2018: 236 083 197) and profit attributable to ordinary shareholders of R22 134 409 (2018: R35 657 351).

24. RECONCILIATION OF HEADLINE EARNINGS PER SHARE

	GROUP			
	2019		2018	
	Gross R	**Net R**	Gross R	Net R
Profit attributable to equity holders of the parent		**22 134 409**		35 657 351
Fair value adjustment on investment properties	**(35 815 865)**	**(19 112 580)**	(32 768 193)	(21 000 645)
Fair value adjustments within equity accounted profits	**1 575 077**	**733 356**	(17 253 611)	(8 261 535)
Realised loss on sale of joint venture	**2 624 255**	**2 624 255**	–	–
Realised profit on sale of non-current assets	**(4 320 973)**	**(2 083 208)**	(2 186 713)	(255 249)
Headline earnings		**4 296 232**		6 139 922

	GROUP 2019 Cents	GROUP 2018 Cents
Headline earnings per share	**2.0**	2.8
Diluted headline earnings per share	**1.8**	2.6

The calculation of headline earnings per share is based on the weighted average number of 216 144 326 ordinary shares in issue during the year (2018: 216 641 331).

The calculation of diluted headline earnings per share is based on the diluted weighted average number of 235 063 527 ordinary shares in issue during the year (2018: 236 083 197).

25. REMUNERATION

Directors' emoluments

	Fees for services R	Basic salary R	Taxable benefits R	Bonuses R	Share-based payment R	Total R
2019						
Executive directors						
AJ Shapiro	–	2 947 560	31 443	878 833	1 647 223	5 505 059
A Groll	–	1 897 440	20 830	564 911	1 146 997	3 630 178
AL Winkler	–	1 757 040	18 780	546 167	879 081	3 201 068
Non-executive directors						
M Kaplan*	199 500	–	–	–	–	199 500
R Lockhart-Ross**	307 335	–	–	–	–	307 335
K Getz**	183 540	–	–	–	–	183 540
JP Fisher	233 100	–	–	–	–	233 100
AM Louw	241 500	–	–	–	–	241 500
R Stumpf	211 962	–	–	–	–	211 962
Total	1 376 937	6 602 040	71 053	1 989 911	3 673 301	13 713 242
Paid by subsidiaries	1 376 937	6 602 040	71 053	1 989 911	3 673 301	13 713 242

* Resigned January 2019.
** Appointed December 2018.

	Fees for services R	Basic salary R	Taxable benefits R	Bonuses R	Share-based payment R	Total R
2018						
Executive directors						
AJ Shapiro	–	2 811 960	35 673	926 342	1 548 441	5 322 416
A Groll	–	1 810 440	21 364	595 505	1 210 684	3 637 993
AL Winkler	–	1 677 240	23 182	549 745	728 772	2 978 939
Non-executive directors						
M Kaplan	458 000	–	–	–	–	458 000
JP Fisher	222 000	–	–	–	–	222 000
AM Louw	230 000	–	–	–	–	230 000
R Stumpf	200 700	–	–	–	–	200 700
Total	1 110 700	6 299 640	80 219	2 071 592	3 487 897	13 050 048
Paid by subsidiaries	1 110 700	6 299 640	80 219	2 071 592	3 487 897	13 050 048

26. CASH GENERATED FROM OPERATIONS

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Profit/(loss) before income tax	**60 976 141**	51 143 647	**(417 964)**	(3 274 793)
Adjusted for:				
Depreciation	**7 108 516**	7 401 518	**–**	–
Equity accounted earnings of associates and joint ventures	**(25 970 918)**	(25 383 010)	**–**	–
Other income	**–**	–	**(4 437 371)**	–
Dividend income	**–**	(3 625 213)	**(2 303)**	(54 635)
Finance income	**(12 604 405)**	(11 705 552)	**(6 431 384)**	(5 607 251)
Finance costs	**108 516 229**	110 543 808	**5 924 493**	3 951 252
Fair value adjustment on investment properties	**(35 815 865)**	(32 768 193)	**–**	–
Fair value adjustment on financial assets at fair value through profit and loss	**–**	(3 713 323)	**–**	–
Realised loss on financial assets at fair value through profit and loss	**2 048 224**	853 877	**–**	–
Realised profit on sale of joint venture	**2 624 255**	–	**–**	–
Profit on disposal of non-current assets	**(4 320 973)**	(2 186 713)	**–**	–
Impairment of loan	**10 246 919**	2 666 450	**–**	–
Share-based payment expense	**4 374 588**	3 977 240	**4 374 588**	3 977 240
Straight-line adjustment against investment properties	**(13 162 233)**	(15 921 573)	**–**	–
Capitalised fees and charges (note 26.1)	**1 120 183**	8 101 895	**–**	–
Expenses settled by group company	**–**	–	**984 204**	1 000 262
Changes in working capital:				
Decrease in trade and other receivables	**4 475 287**	5 298 972	**–**	–
Decrease in inventory	**5 146 984**	1 506 171	**–**	–
Increase in trade and other payables	**24 279 907**	8 387 643	**13 572**	12 930
	139 042 839	104 577 644	**7 835**	5 005

26.1 Loans payable reconciliation

	GROUP 2019 R	GROUP 2018 R	COMPANY 2019 R	COMPANY 2018 R
Opening balance	**1 112 034 414**	1 127 445 718	**9 796 015**	13 795 032
Cash receipts	**45 880 592**	115 176 194	**–**	–
Cash payments	**(4 424 565)**	(110 543 436)	**–**	–
Non-cash flows				
Direct settlement of liabilities as a result of disposal of properties	**(54 520 360)**	(28 145 957)	**–**	–
Direct advances of liabilities as a result of property additions	**6 827 050**	–	**–**	–
Capitalised fees and charges	**1 120 183**	8 101 895	**–**	–
Loans consolidated (settled)	**(21 330 379)**	(266 421 239)	**–**	–
Loans consolidated (advanced)	**21 330 379**	266 421 239	**–**	–
Capital amount advanced to subsidiary	**–**	–	**25 346 149**	–
Capital amount settled by subsidiary	**–**	–	**–**	(3 999 017)
Closing balance	**1 106 917 314**	1 112 034 414	**35 142 164**	9 796 015

27. TAXATION PAID

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Balance at the beginning of the year	**(62 369)**	(829 431)	**–**	–
Current tax charge	**(21 879 296)**	(79 158)	**–**	–
Balance at the end of the year	**(307 644)**	62 369	**–**	–
	(22 249 309)	(846 220)	**–**	–

28. FINANCIAL INSTRUMENTS

28.1 Credit risk

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure.

The maximum exposure to credit risk at the reporting date was:

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Carrying amount				
Loans receivable	**69 920 457**	75 987 738	**–**	–
Trade and other receivables	**6 736 018**	9 947 676	**–**	–
Cash and cash equivalents	**146 433 357**	99 042 471	**355 606**	8 428 585
Investment in listed shares	**6 773 170**	10 603 059	**–**	–
Investment in unlisted shares	**107**	107	**–**	–
Loans to group companies	**–**	–	**225 660 176**	200 004 573
Guarantees	**76 950 000**	149 125 000	**711 754 000**	726 677 000
	306 813 109	344 706 051	**937 769 782**	935 110 158

28. FINANCIAL INSTRUMENTS (continued)

28.2 Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount R	Contractual cash flows R	Within 1 year R	2 – 5 years R	Over 5 years R
GROUP					
Non-derivative financial liabilities					
2019					
Loans payable	**1 106 917 314**	**1 398 073 753**	**185 863 195**	**1 212 210 558**	
Trade and other payables	**71 301 828**	**71 301 828**	**71 301 828**	**–**	**–**
	1 178 219 142	**1 469 375 581**	**257 165 023**	**1 212 210 558**	**–**
Guarantees*	**–**	**76 950 000**	**76 950 000**	**–**	**–**
	1 178 219 142	**1 546 325 581**	**334 115 023**	**1 212 210 558**	**–**
2018					
Loans payable	1 112 034 414	1 503 651 095	111 180 238	1 338 222 945	54 247 912
Trade and other payables	48 460 959	48 460 959	48 460 959	–	–
	1 160 495 373	1 552 112 054	159 641 197	1 338 222 945	54 247 912
Guarantees*	–	149 125 000	149 125 000	–	–
	1 160 495 373	1 701 237 054	308 766 197	1 338 222 945	54 247 912

* These guarantees comprise sureties issued in respect of long-term loan contracts entered into by investments, joint ventures and associates, and are only liable in the event of default. As at the reporting date the directors are of the opinion that none of these guarantees are likely to be exercised as the value of the properties that serve as security for the loan contracts significantly exceed the outstanding balances of the loans, some of which have not been fully drawn on.

	Carrying amount R	Contractual cash flows R	Within 1 year R	2 – 5 years R
COMPANY				
Non-derivative financial liabilities				
2019				
Trade and other payables	**68 647**	**68 647**	**68 647**	**–**
Loan payable	**35 142 164**	**41 691 036**	**13 135 669**	**28 555 367**
Convertible debentures	**77 598**	**77 598**	**77 598**	**–**
Guarantees*	**–**	**711 754 000**	**711 754 000**	**–**
	35 288 409	**753 591 281**	**725 035 914**	**28 555 367**
2018				
Trade and other payables	55 075	55 075	55 075	–
Loan payable	9 796 015	12 698 083	979 601	11 718 482
Convertible debentures	461 439	82 309	82 309	–
Guarantees*	–	726 677 000	726 677 000	–
	10 312 529	739 512 467	727 793 985	11 718 482

* These guarantees comprise sureties issued in respect of long-term loan contracts entered into by investments, joint ventures, associates and subsidiaries, and are only liable in the event of default. As at the reporting date the directors are of the opinion that none of these guarantees are likely to be exercised as the value of the properties that serve as security for the loan contracts significantly exceed the outstanding balances of the loans, some of which have not been fully drawn on.

28. FINANCIAL INSTRUMENTS (continued)

28.3 Market risk

28.3.1 Interest rate risk

The group does not utilise derivative instruments in order to manage its exposure to movements in interest rates.

The exposure to interest rate risk and the effective interest rates on financial instruments at reporting date is as follows:

	Interest rate %	Carrying amount Year 1 R	2 – 5 years R	Total R
GROUP				
2019				
Assets				
Loans receivable	Interest free	**9 698 951**	**–**	**9 698 951**
Loans receivable	Variable rate	**–**	**60 221 506**	**60 221 506**
Trade and other receivables	Variable rate	**6 736 018**	**–**	**6 736 018**
Cash and cash equivalents	Variable rate	**146 433 357**	**–**	**146 433 357**
		162 868 326	**60 221 506**	**223 089 832**
Liabilities				
Loans payable	Variable rate	**78 929 777**	**1 027 987 537**	**1 106 917 314**
Trade and other payables	Interest free	**71 301 828**	**–**	**71 301 828**
		150 231 605	**1 027 987 537**	**1 178 219 142**
2018				
Assets				
Loans receivable	Interest free	20 575 415	6 646 817	27 222 232
Loans receivable	Variable rate	–	48 765 506	48 765 506
Trade receivables	Variable rate	9 947 676	–	9 947 676
Cash and cash equivalents	Variable rate	99 042 471	–	99 042 471
		129 565 562	55 412 323	184 977 885
Liabilities				
Loans payable	Variable rate	15 074 843	1 096 959 571	1 112 034 414
Trade and other payables	Interest free	48 460 959	–	48 460 959
		63 535 802	1 096 959 571	1 160 495 373

28. FINANCIAL INSTRUMENTS (continued)

28.3 Market risk (continued)

28.3.1 Interest rate risk (continued)

	Interest rate %	Carrying amount Year 1 R	2 – 5 years R	Total R
COMPANY				
2019				
Assets				
Cash and cash equivalents	Variable rate	**355 606**	**–**	**355 606**
Loans to group companies	Interest free	**99 873 464**	**50 690 288**	**150 563 752**
Loans to group companies	Variable rate	**9 797 164**	**65 299 260**	**75 096 424**
		110 026 234	**115 989 548**	**226 015 782**
Liabilities				
Convertible debentures	Variable rate	**77 598**	**–**	**77 598**
Trade and other payables	Interest free	**68 647**	**–**	**68 647**
Loan payable	Variable rate	**9 797 164**	**25 345 000**	**35 142 164**
		9 943 409	**25 345 000**	**35 288 409**
2018				
Assets				
Cash and cash equivalents	Variable rate	8 428 585	–	8 428 585
Loans to group companies	Interest free	99 564 011	50 690 288	150 254 299
Loans to group companies	Variable rate	–	49 750 274	49 750 274
		107 992 596	100 440 562	208 433 158
Liabilities				
Convertible debentures	Variable rate	383 841	77 598	461 439
Trade and other payables	Interest free	55 075	–	55 075
Loan payable	Variable rate	–	9 796 015	9 796 015
		438 916	9 873 613	10 312 529

28. FINANCIAL INSTRUMENTS (continued)

28.3 Market risk (continued)

28.3.1 Interest rate risk (continued)

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss after tax by the amounts shown below. A decrease of 100 basis points will have the same but opposite effect. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2018.

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Variable rate instruments	**(6 433 390)**	(6 834 318)	**289 672**	416 124

28.3.2 Equity risk

Equity price sensitivity analysis

An increase of 10% in the price of listed shares at the reporting date would have increased profit or loss after tax and other comprehensive income respectively by the amounts shown below. A decrease of 10% will have the same but opposite effect. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as 2018.

	GROUP	
	2019 R	2018 R
Listed shares – fair value through profit and loss	**487 668**	763 420

29. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

29.1 Financial assets by category

The accounting policies for financial instruments have been applied to the line items below.

	At amortised cost R	Fair value through profit or loss R	Total R
GROUP			
2019			
Loans receivable	**69 920 457**	**–**	**69 920 457**
Trade and other receivables	**6 736 018**	**–**	**6 736 018**
Cash and cash equivalents	**146 433 357**	**–**	**146 433 357**
Listed investments	**–**	**6 773 170**	**6 773 170**
Unlisted investments	**–**	**107**	**107**
	223 089 832	**6 773 277**	**229 863 109**

	Loans and receivables R	Fair value through profit or loss – designated R	Available-for-sale R	Total R
GROUP				
2018				
Loans receivable	75 987 738	–	–	75 987 738
Trade and other receivables	9 947 676	–	–	9 947 676
Cash and cash equivalents	99 042 471	–	–	99 042 471
Listed investments	–	10 603 059	–	10 603 059
Unlisted investments	–	–	107	107
	184 977 885	10 603 059	107	195 581 051

	At amortised cost R	Fair value through profit or loss R	Total R
COMPANY			
2019			
Loans to group companies	**225 660 176**	**–**	**225 660 176**
Cash and cash equivalents	**355 606**	**–**	**355 606**
	226 015 782	**–**	**226 015 782**

	Loans and receivables R	Fair value through profit or loss – designated R	Available-for-sale R	Total R
COMPANY				
2018				
Loans to group companies	200 004 573	–	–	200 004 573
Cash and cash equivalents	8 428 585	–	–	8 428 585
	208 433 158	–	–	208 433 158

29. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (continued)

29.2 Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below.

	Financial liabilities at amortised cost R	Total R
GROUP		
2019		
Loans payable	**1 106 917 314**	**1 106 917 314**
Trade and other payables	**71 301 828**	**71 301 828**
	1 178 219 142	**1 178 219 142**
2018		
Loans payable	1 112 034 414	1 112 034 414
Trade and other payables	48 460 959	48 460 959
	1 160 495 373	1 160 495 373
COMPANY		
2019		
Debentures	**77 598**	**77 598**
Loan payable	**35 142 164**	**35 142 164**
Trade and other payables	**68 647**	**68 647**
	35 288 409	**35 288 409**
2018		
Debentures	461 439	461 439
Loan payable	9 796 015	9 796 015
Trade and other payables	55 075	55 075
	10 312 529	10 312 529

30. NET GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES

30.1 Financial assets

	Interest income R	Fair value adjustments through profit and loss (mandatory) R	Dividend income R	Realised loss on investments R	Impairment R
GROUP					
2019					
Financial assets at fair value	**–**	**–**	**–**	**(2 048 224)**	**–**
Financial assets at amortised cost	**12 604 405**	**–**	**–**	**–**	**(10 246 919)**
	12 604 405	**–**	**–**	**(2 048 224)**	**(10 246 919)**
2018					
Held-for-trading investments	–	3 713 323	3 625 213	(853 877)	–
Loans and receivables	11 705 552	–	–	–	(2 666 450)
	11 705 552	3 713 323	3 625 213	(853 877)	(2 666 450)
COMPANY					
2019					
Financial assets at fair value	**–**	**–**	**2 303**	**–**	**–**
Financial assets at amortised cost	**6 431 384**	**–**	**–**	**–**	**–**
	6 431 384	**–**	**2 303**	**–**	**–**
2018					
Held-for-trading investments	–	–	54 635	–	–
Loans and receivables	5 607 251	–	–	–	–
	5 607 251	–	54 635	–	–

30.2 Financial liabilities

	Interest expense R
GROUP	
2019	
Financial liabilities at amortised cost	**108 516 229**
2018	
Financial liabilities at amortised cost	110 543 808
COMPANY	
2019	
Financial liabilities at amortised cost	**5 924 493**
2018	
Financial liabilities at amortised cost	3 951 252

31. FAIR VALUE MEASUREMENT

Fair value hierarchy

Assets measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined, based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in an active market for an identical asset.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets valued using: quoted market prices in active markets for similar assets; quoted prices for identical or similar assets in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all assets where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the asset's valuation. This category also includes assets that are valued based on quoted prices for similar assets where significant unobservable adjustments or assumptions are required to reflect differences between the assets.

Financial instruments

The following table presents financial assets and liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy.

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measured.

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

	Level 1 R	Level 2 R	Level 3 R	Total R
GROUP				
2019				
Assets				
Unlisted investments at fair value through profit and loss	**–**	**–**	**107**	**107**
Listed investments at fair value through profit or loss	**6 773 170**	**–**	**–**	**6 773 170**
	6 773 170	**–**	**107**	**6 773 277**
2018				
Assets				
Available-for-sale investments	–	–	107	107
Held-for-trading investments	10 603 059	–	–	10 603 059
	10 603 059	–	107	10 603 166

There have been no transfers between levels 1, 2 and 3 in the period under review.

31. FAIR VALUE MEASUREMENT (continued)

Fair value measurement of non-financial assets (property)

The fair value of the investment properties, which equals the carrying value, is based either on independent professional valuers who have recognised professional qualifications and experience in the valuation of similar investment properties or directors' valuations. In the current and prior year no properties were independently valued.

The fair value of properties is estimated using either an income approach which capitalises the estimated rental income stream, net of projected operating costs or recent sales information of similar properties in the same development, or a combination of the valuation approaches.

The most significant inputs, all of which are unobservable, are the capitalisation rate and the estimated recent sales information.

The overall valuations are sensitive to the two assumptions. Management considers the range of reasonable possible alternative assumptions is greatest for capitalisation rate and recent sales information.

The significant inputs used in the valuations as at 31 August 2019 were:

The range of the capitalisation rates applied to the portfolio is between 8.0% and 11.5% (2018: 8.0% and 11.5%) with the weighted average being 9.1% (2018: 9.1%).

The range of the price per square metre applied to the portfolio is between R3 700 and R25 000 (2018: R2 500 and R25 000) with the weighted average being R11 059 (2018: R14 452).

Changes in capitalisation rates and prices per square metre attributable to changes in market conditions can have a significant impact on property valuations.

- An increase in the capitalisation rate will decrease the value of the property.
- A decrease in the capitalisation rate will increase the value of the property.
- An increase in the price per square metre will increase the value of the property and a decrease will have the same but opposite effect.

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value at 31 August 2019:

	Level 3 R
GROUP	
2019	
Assets	
Investment property	**1 659 732 822**
Property, plant and equipment	**226 701 473**
Non-current assets held for sale	**37 770 760**
	1 924 205 055
2018	
Assets	
Investment property	1 702 316 487
Property, plant and equipment	137 256 970
Non-current assets held-for-sale	2 354 348
	1 841 927 805

32. SEGMENTAL INFORMATION

The group comprises the following main reportable operating segments:

	Property investments R	Education R	UK investments R	Corporate and other R	Total R
2019					
Revenue	311 901 638	71 777 602	–	2 600 592	386 279 832
Revenue – at a point in time	40 396 393	6 192 996	–	–	46 589 389
Revenue – over time	–	64 745 802	–	–	64 745 802
Revenue – straight-line basis	262 340 236	–	–	–	262 340 236
Profit from equity accounted investments	11 194 405	–	14 776 513	–	25 970 918
Fair value adjustments on investment properties	35 815 865	–	–	–	35 815 865
Realised loss on sale of held-for-trading investments	–	–	–	(2 048 224)	(2 048 224)
Impairment of loan	–	–	–	(10 246 919)	(10 246 919)
Interest expense	(108 516 229)	–	–	–	(108 516 229)
Depreciation	(2 133 387)	(4 464 117)	–	(511 012)	(7 108 516)
Staff costs	(35 990 100)	(38 583 629)	–	–	(74 573 729)
Net income before tax	56 655 581	(250 390)	14 776 513	(10 205 563)	60 976 141
Taxation	(29 635 958)	1 006 988	–	2 714 474	(25 914 496)
Net income for the year	27 019 623	756 598	14 776 513	(7 491 089)	35 061 645
Other comprehensive income	–	1 575 305	3 242 463	1 398 455	6 216 223
Total assets	1 950 653 692	251 857 071	102 873 616	62 172 281	2 367 556 660
Non-current assets held-for-sale	37 770 760	–	–	–	37 770 760
Total liabilities	1 290 245 442	17 124 628	–	3 443 076	1 310 813 146
Non-controlling interest	156 107 860	(103 073)	–	–	156 004 787
Net asset value	504 300 390	234 835 516	102 873 616	58 729 205	900 738 727
Equity accounted investments	24 761 380	–	102 873 616	–	127 634 996
Non-current assets*	1 706 898 267	220 580 131	102 873 616	–	2 030 352 014
Additions to non-current assets	37 891 561	93 166 474	–	–	131 058 035

* Non-current assets other than financial instruments and deferred tax assets.

Intrinsic value report					
Club Mykonos Langebaan Group	145 886 925	–	–	–	145 886 925
Aria Property Group	237 666 440	–	–	–	237 666 440
Resi Investment Group	169 117 531	–	–	–	169 117 531
Generation Education Group	–	338 694 722	–	–	338 694 722
ASK Partners	–	–	111 761 529	–	111 761 529
Other	–	–	–	54 195 449	54 195 449
Cash	–	–	–	82 540 036	82 540 036
Intrinsic net asset value	552 670 896	338 694 722	111 761 529	136 735 485	1 139 862 632

32. SEGMENTAL INFORMATION (continued)

	Property investments R	Education R	UK investments R	Corporate and other R	Total R
2018					
Revenue	273 593 067	40 357 392	–	3 625 213	317 575 672
Revenue – at a point in time	16 845 104	2 243 287	–	–	19 088 391
Revenue – over time	–	37 340 094	–	–	37 340 094
Revenue – straight-line basis	245 816 422	–	–	–	245 816 422
Profit from equity accounted investments	17 085 796	–	8 297 214	–	25 383 010
Fair value adjustments on held-for-trading investments	–	–	–	3 713 323	3 713 323
Fair value adjustments on investment properties	32 768 193	–	–	–	32 768 193
Realised loss on sale of held-for-trading investments	–	–	–	(853 877)	(853 877)
Impairment on loan	–	–	–	(2 666 450)	(2 666 450)
Interest expense	(110 543 808)	–	–	–	(110 543 808)
Depreciation	(1 476 318)	(5 414 189)	–	(511 011)	(7 401 518)
Staff costs	(29 938 063)	(21 894 891)	–	–	(51 832 954)
Net income before tax	43 030 813	(3 491 578)	8 297 214	3 307 198	51 143 647
Taxation	(4 474 539)	4 482 757	–	(800 645)	(792 427)
Net income for the year	38 556 274	991 179	8 297 214	2 506 553	50 351 220
Other comprehensive income	–	3 450 900	3 870 082	1 472 498	8 793 480
Total assets	2 008 620 136	154 813 727	84 854 871	49 422 833	2 297 711 567
Non-current assets held-for-sale	2 354 348	–	–	–	2 354 348
Total liabilities	1 266 950 000	3 793 636	–	3 508 206	1 274 251 842
Non-controlling interest	143 009 659	392 685	–	–	143 402 344
Net asset value	598 660 477	150 627 406	84 854 871	45 914 627	880 057 381
Equity accounted investments	98 466 108	–	84 854 871	–	183 320 979
Non-current assets*	1 815 744 127	135 528 480	84 854 871	–	2 036 127 478
Additions to non-current assets	44 491 885	55 057 686	–	–	99 549 571

* Non-current assets other than financial instruments and deferred tax assets.

	Property investments R	Education R	UK investments R	Corporate and other R	Total R
Intrinsic value report					
Club Mykonos Langebaan Group	138 245 706	–	–	–	138 245 706
Aria Property Group	227 199 143	–	–	–	227 199 143
Resi Investment Group	201 633 645	–	–	–	201 633 645
Generation Education Group	–	225 630 120	–	–	225 630 120
ASK Partners	–	–	84 854 871	–	84 854 871
Other	–	–	–	34 894 576	34 894 576
Cash	–	–	–	99 042 471	99 042 471
Intrinsic net asset value	567 078 494	225 630 120	84 854 871	133 937 047	1 011 500 532

Identification of reportable segments

The basis reported by the group is in accordance with the accounting policies adopted for the preparing and presenting of the consolidated financial statements.

Segment revenue excludes value added taxation and intersegment revenue. Intersegment revenue is presented as a separate line item and eliminated at consolidation.

Segment expenses include direct and allocated expenses. Depreciation has been allocated to the segments to which they relate.

Segment assets comprise all assets of the different segments that are employed by the segment and that either are directly attributable to the segment, or can be allocated to the segment on a reasonable basis.

32. SEGMENTAL INFORMATION (continued)

Reportable segments

Property investments
Income from this segment is derived from sale of investment property and inventory, rental income on investment property, fair value gains on property investments and distributions from reporting entities within the segment.

Education
Revenue from this segment is derived from school fees.

UK investments
Income is derived from equity accounted profits from Leopard ASK Intermediate Investco Limited and ASK Partners Holdco Limited.

Corporate and other
Consists of cash and cash equivalents and other non-significant assets.

Geographical information
Property investments and education represent the South African region and UK investments represent the United Kingdom region.

Intrinsic value report
The intrinsic net asset value is a non-IFRS measure and is one of the measures the board uses to assess shareholder value created and the performance of each operating segment and is therefore presented as part of the group's segment information.

The intrinsic value of assets is determined as follows:

- Investment property – IFRS carrying value (level 3), included at fair value as disclosed in note 31.
- Listed investments – IFRS carrying value (level 1), included at fair value as disclosed in note 31.
- Cash – IFRS carrying value, as disclosed in note 12.
- Unlisted investments – Directors' valuation using valuation methodology as indicated below (level 3). The unlisted investments comprise the Generation Education Group.
- Immovable property held as inventory – Directors' valuation using valuation methodology as indicated below (level 3).

Valuation of unlisted investments
The valuation of unlisted investments is estimated using either the discounted cash flow model or the price-earnings model, or a combination of both. The most significant inputs, all of which are unobservable, are the growth rate, the discount rate and the price earning ratio.

The significant input used in the valuation as at 31 August 2019 was:

The price earnings ratio applied to the investments was 12 (2018: 14) with the weighted average being 12 (2018: 14).

Valuation of inventory
The valuation of inventory is estimated using recent sales information of similar properties. The most significant input, which is unobservable is the price per square metre.

The significant input used in the valuation as at 31 August 2019 was:

The range of the price per square metre applied to the property is between R743 and R3 120 (2018: R740 and R3 360) with the weighted average being R835 (2018: R1 171).

33. MINIMUM LEASE PAYMENTS RECEIVABLE

	GROUP	
	2019 **R**	2018 R
Receivable within one year	**173 508 151**	146 167 433
Receivable within two to five years	**443 265 358**	325 053 982
Receivable beyond five years	**130 027 666**	167 513 981
	746 801 175	638 735 396

Minimum lease payments comprise contractual rental income, excluding the straight-line lease adjustments.

The lease terms range between 1 and 10 years with escalations ranging from CPI to 10%.

34. OPERATING LEASE COMMITMENTS

The group has no significant commitments to operating leases.

35. RELATED PARTIES

	GROUP	
	2019 R	2018 R
Identity of related parties		
Investments in subsidiaries – refer to note 5		
Investments in joint ventures and associates – refer to note 6		
Loans to/(from) subsidiaries – refer to note 7		
Loans receivable from joint ventures, associates and entities with common management – refer to note 9		
Related party transactions		
Distributions and dividends received from joint ventures and associates	**74 285 753**	3 500 000
Profits from equity accounted joint ventures	**9 439 570**	16 389 134
Profit from equity accounted associate	**16 531 349**	8 993 877
Interest received from associates	**829 401**	98 897
Interest received from joint ventures	**468 898**	1 087 919
Administration fees received from associate	**77 727**	77 727
Administration fees received from joint ventures	**1 511 390**	667 920

Directors' emoluments – refer to note 25.

	COMPANY	
	2019 R	2018 R
Interest from subsidiaries	**6 308 334**	4 748 653

36. CAPITAL DISTRIBUTIONS

	GROUP		COMPANY	
	2019 R	2018 R	**2019 R**	2018 R
Capital distribution	**11 349 880**	10 867 384	**11 349 880**	10 867 384

	Cents	Cents
The company has paid the following cash distributions per share to shareholders:		
Capital distribution paid (per share)	**5.25**	5.00
The company has proposed the following cash distributions per share to shareholders:		
Capital distribution (per share)	**5.50**	5.25

37. SUBSEQUENT EVENTS

Subsequent to year-end, 895 075 scheme shares were granted to directors amounting to R2.4 million.

Subsequent to year-end, Aria Property Group (Pty) Limited, a 60%-held subsidiary of Trematon, entered into a sale agreement before year-end for the property known as Glenashley Views which was only disposed of after year-end.

The selling price amounts to R41 million and a portion of the cash received will be used to settle the remaining loan payable. The value of the property as at 31 August 2019 was R38 million, refer to note 4.

The directors are not aware of any other material events which occurred after the reporting date and up to the date of this report.

ANALYSIS OF SHAREHOLDERS

Register date: 31 August 2019 Issued share capital: 218 970 557 shares

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	294	30.34	111 676	0.05
1 001 – 10 000 shares	358	36.94	1 674 205	0.76
10 001 – 100 000 shares	241	24.87	7 263 796	3.32
100 001 – 1 000 000 shares	52	5.37	17 101 576	7.81
1 000 001 shares and over	24	2.48	192 819 304	88.06
Total	969	100.00	218 970 557	100.00
Distribution of shareholders				
Banks / Brokers	4	0.41	3 508 781	1.60
Close Corporations	9	0.93	640 192	0.29
Endowment Funds	4	0.41	2 528 287	1.15
Individuals	796	82.15	21 580 504	9.86
Mutual Funds	9	0.93	18 581 571	8.49
Other Corporations	3	0.31	351 268	0.16
Private Companies	51	5.26	39 233 474	17.92
Retirement Funds	2	0.21	22 163	0.01
Trusts	91	9.39	132 524 317	60.52
Total	969	100.00	218 970 557	100.00
Public/Non-public shareholders				
Non-public shareholders	14	1.45	144 717 365	66.09
Directors and associates of the company	12	1.24	78 610 205	35.90
Holding more than 10%	2	0.21	66 107 160	30.19
Public shareholders	955	98.55	74 253 192	33.91
Total	969	100.00	218 970 557	100.00
Registered shareholders holding 3% or more				
The Suikerbos Trust			66 107 160	30.19
The Armchair Trust			47 309 878	21.61
Buff-Shares (Pty) Limited			19 019 808	8.69
The Salvete Trust			9 350 243	4.27
Marr Holdings (Pty) Limited			8 978 832	4.10
Total			150 765 921	68.86

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 August 2019

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" or "the group")

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING ("AGM") OF THE MEMBERS OF TREMATON CAPITAL INVESTMENTS LIMITED ("TREMATON" OR "THE COMPANY" OR "THE GROUP") WILL BE HELD IN THE BOARDROOM ON 3rd FLOOR, ARIA NORTH WHARF, 42 HANS STRIJDOM AVENUE, CAPE TOWN ON WEDNESDAY, 29 JANUARY 2020, AT 10:00 TO CONDUCT THE UNDERMENTIONED BUSINESS AND FOR THE UNDERMENTIONED ORDINARY AND SPECIAL RESOLUTIONS TO BE PROPOSED:

Date of posting of this notice of AGM and announcement of AGM on SENS	Thursday, 28 November 2019
Record date to determine which shareholders are entitled to receive the notice of annual general meeting	Friday, 22 November 2019
Last day to trade in order to be eligible to attend and vote at the annual general meeting	Tuesday, 21 January 2020
Record date to determine which shareholders are entitled to attend and vote at the annual general meeting	Friday, 24 January 2020
Forms of proxy to be lodged at transfer secretaries by 11:00 on	Monday, 27 January 2020
Annual general meeting of the company to be held at 10:00 on	Wednesday, 29 January 2020
Results of the annual general meeting announced on SENS	Wednesday, 29 January 2020

All meeting participants will be required to provide identification reasonably satisfactory to the chairman of the meeting.

The expression "Act" or "Companies Act 2008" as used in this notice means the Companies Act No. 71 of 2008, as amended, the expression "JSE" as used herein means the JSE Limited, the expression "Listings Requirements" as used herein refers to the JSE Listings Requirements and the expression "MOI" or "Memorandum of Incorporation" refers to the Memorandum of Incorporation of the company.

PRESENTATION OF AUDITED ANNUAL FINANCIAL STATEMENTS

The audited consolidated annual financial statements of the company, including the reports of the board of directors ("board" or "directors"), audit and risk committee and the independent auditors, for the year ended 31 August 2019, will be presented to shareholders as required in terms of section 30(3)(d) of the Act. The complete set of audited consolidated annual financial statements, together with the report of the directors and the independent auditors' report are set out on pages 49 to 115 of the Integrated Annual Report ("report") and the audit and risk committee report is set out on pages 46 and 47 thereof.

SECTION A – ORDINARY RESOLUTIONS

To consider, and if deemed fit, pass, the undermentioned ordinary resolutions numbers 1 to 7 with or without modification.

In order to be adopted:

- ordinary resolutions numbers 1, 2, 3, 4, 5, and 7, require the support of more than 50% of the total number of votes exercisable by shareholders present or represented by proxy at the meeting; and
- ordinary resolution number 6 requires the support of at least 75% of the total number of votes exercisable by shareholders present or represented by proxy at the meeting.

1. Ordinary resolution number 1: The re-election of non-executive directors

"To re-elect the following non-executive director who, in terms of the company's MOI, retires by rotation at the AGM, but, being eligible, offers himself for re-election.

1.1 Mr JP Fisher"

A brief biography of the aforementioned non-executive director is included on page 14 of the report in which this notice is incorporated.

2. Ordinary resolution number 2: The confirmation of non-executive directors

"To confirm the appointment of the following non-executive directors who were appointed by the board during the year.

2.1 Mr R Lockhart-Ross (independent non-executive chairman); and

2.2 Mr K Getz (non-executive director)."

Brief biographies of the aforementioned non-executive directors are included on page 14 of the report in which this notice is incorporated.

The appointments numbered 2.1 to 2.2 constitute separate ordinary resolutions and will be considered by separate votes.

3. Ordinary resolution number 3: The re-appointment of the independent auditor and designated auditor

"To re-appoint Mazars as the independent auditors of the group (as defined in the Listings Requirements) and to re-appoint Yolandie Ferreira, being a partner of Mazars, as the individual designated auditor of the group who will undertake the audit of the group for the ensuing year."

4. Ordinary resolution number 4: The appointment of the audit and risk committee for the ensuing year

"To elect the following directors, who are eligible and offer themselves for election, to the audit and risk committee for the ensuing year, as recommended by the board:

4.1 Mr AM Louw;

4.2 subject to the adoption of ordinary resolution number 2.1 Mr R Lockhart-Ross*; and

4.3 subject to the adoption of ordinary resolution number 1.1 Mr JP Fisher."

Brief biographies of the aforementioned directors are included on page 14 of the report.

* Mr R Lockhart-Ross is the chairman of the board and a member of the audit and risk committee.

The appointments numbered 4.1 to 4.3 constitute separate ordinary resolutions and will be considered by separate votes.

5.1 Ordinary resolution number 5.1: Non-binding advisory vote on the remuneration policy of the company

"To endorse, through a non-binding advisory vote, the remuneration policy of the company, as recommended by the King IV Report on Governance for South Africa in order to ascertain shareholders' views on the company's remuneration policy. The company's remuneration report and policy is set out on page 36 of the report."

5.2. Ordinary resolution number 5.2: Non-binding advisory vote on the implementation of the remuneration policy of the company

"To endorse, through a non-binding advisory vote, the remuneration implementation report of the company, as recommended by the King IV Report on Governance for South Africa. The company's remuneration implementation report is set out on page 37 of the report."

Ordinary resolutions numbers 5.1 and 5.2 constitute separate ordinary resolutions and will be considered by separate votes.

In accordance with Principle 14 of the King Report on Corporate Governance for South Africa, 2016, the company's remuneration policy and remuneration implementation report are tabled for consideration by shareholders. These votes enable shareholders to express their views on the remuneration policies adopted by the company and on the implementation thereof.

Ordinary resolutions numbers 5.1 and 5.2 are of an advisory nature only and failure to pass these resolutions will therefore not have any legal consequences relating to existing remuneration arrangements, however, the board will take the outcome of the votes on these resolutions into consideration when considering amendments to the company's remuneration policy. Should either of the resolutions, or both, be opposed by 25% or more of the total number of votes exercisable by shareholders present or represented by proxy at the AGM, the board will issue an invitation, included in the announcement to shareholders advising of the results of the AGM, to be published on SENS on 29 January 2020, to those shareholders who voted against the applicable resolution to engage with the company at a meeting scheduled for this purpose.

6. Ordinary resolution number 6: General authority to issue securities for cash

"To authorise the directors of the company, by way of a general authority, to allot and issue for cash any or all of its authorised but unissued ordinary shares and to issue any options/convertible securities that are convertible into an existing class of equity securities in the share capital of the company as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements, the Act and the MOI of the company, and provided further that:

(a) the approval shall be valid until the date of the next annual general meeting, provided it shall not extend beyond fifteen months from the date of this resolution;

(b) the number of ordinary shares issued for cash shall, in any one financial year in the aggregate, not exceed 65 691 167 shares, being 30% of the company's issued shares as at the date of this notice, excluding treasury shares;

(c) after the company has issued shares in terms of this general authority representing, on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the company will publish an announcement containing full details of the issue, including the effects of the issue on the net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share, and diluted earnings and headline earnings per share;

(d) in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount at which such shares may be issued will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the securities. The JSE should be consulted for a ruling if the company's shares have not traded in such 30-business day period;

(e) any shares issued under this authority during the period contemplated in paragraph (a) above, must be deducted from the number in paragraph (b) above;

(f) in the event of a sub-division or consolidation of issued shares during the period contemplated in paragraph (a) above, the existing authority must be adjusted accordingly to represent the same allocation ratio;

(g) any such issue will only be made to public shareholders as defined in the Listings Requirements and not to related parties; and

(h) the shares, which are the subject of the issue for cash, will be of a class already in issue, or where this is not the case, will be limited to such shares or rights that are convertible to a class already in issue."

Explanatory note
The reason for this ordinary resolution is, and the effect thereof will be, to authorise the directors to allot and issue, for cash, any of the company's unissued ordinary shares, as they in their discretion deem fit, subject to the applicable provisions of the Listings Requirements, the Act, the MOI and this resolution.

As mentioned above, in terms of the Listings Requirements, this ordinary resolution requires the support of at least 75% of the total number of votes exercisable by shareholders present or represented by proxy at the meeting.

7. Ordinary resolution number 7: Directors to implement resolutions

"To authorise each and every director of the company to do all such things and sign all documents and take all such action as they consider necessary to give effect to and implement the ordinary and special resolutions as set out in this notice."

SECTION B – SPECIAL RESOLUTIONS

To consider and if deemed fit, pass, the undermentioned special resolutions numbers 1 to 4, with or without modification. In order to be adopted these resolutions require the support of at least 75% of the total number of votes exercisable by shareholders present or represented by proxy at the meeting:

8. Special resolution number 1: Financial assistance for subscription of securities

"To authorise the directors of the company, in terms of section 44 of the Act, to provide direct or indirect financial assistance by way of loans, guarantees, the provision of security or otherwise to any person (as defined in the Act and including the Trematon Share Incentive Trust), for the purposes of, or in connection with, the subscription of any option, or any securities (as defined in the Act), issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company."

Explanatory note
The reason for this special resolution is, and the effect thereof will be, to grant the directors of the company the authority to cause the company to provide direct or indirect financial assistance to any person as contemplated in section 44 of the Act.

9. Special resolution number 2: Financial assistance

"To authorise the directors of the company, in terms of section 45 of the Act, to cause the company to provide any direct or indirect financial assistance to any director or prescribed officer of the company, or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related company or corporation, or to a person (as defined in the Act) related to any such company (including the company), corporation, director, prescribed officer or member or to the Trematon Share Incentive Trust (to the extent, if any, necessary in law) insofar as any director or prescribed officer thereof is a participant thereof,"

Explanatory note
The reason for this special resolution is, and the effect thereof will be, to grant the directors of the company the authority to cause the company to provide financial assistance to any director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company (including the company), corporation, director, prescribed officer or member, as contemplated in section 45 of the Act.

10. Special resolution number 3: General authority to repurchase shares

"To authorise the company or any of its subsidiaries to repurchase or purchase, as the case may be, ordinary shares issued by the company on such terms and conditions and in such amounts as the directors of the company may decide, but subject always to the provisions of the Act, the MOI the Listings Requirements and the following further limitations:

(i) that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);

(ii) that this authority shall not extend beyond 15 months from the date of this resolution or the date of the next annual general meeting, whichever is the earlier date;

(iii) that any authorisation thereto is given by the MOI;

(iv) that an announcement be made giving such details as may be required in terms of the Listing Requirements when the company, or any subsidiary or subsidiaries of the company collectively, has cumulatively repurchased 3% of the initial number (the number of that class of shares in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter;

(v) at any one time, the company or any subsidiary may only appoint one agent to effect any repurchase on behalf of the company or any subsidiary, as the case may be;

(vi) the repurchase of shares will not take place during a prohibited period as defined by the Listings Requirements unless a repurchase programme where the dates and quantities of shares to be traded during the relevant period are fixed (not subject to any variation) is in place and has been submitted to the JSE in writing. The company must instruct an independent third party which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;

(vii) the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the company's issued share capital at the time this authority is given; provided that a subsidiary, or subsidiaries of the company collectively, shall not hold in excess of 10% of the number of shares issued by the company;

(viii) the repurchase of shares may not be made at a price greater than 10% above the weighted average traded price of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction was effected. The JSE should be consulted for a ruling if the company's shares have not traded in such five business day period;

(ix) prior to entering the market to proceed with the repurchase, the board, shall have confirmed by resolution that the company and its subsidiaries have passed the solvency and liquidity test as set out in section 4 of the Act and confirming that subsequent to the test being performed, there had been no material changes to the financial position of the group;

(x) the board is of the opinion that this authority should be in place so as to enable the company, as and when the opportunity presents itself, to repurchase shares."

Explanatory note

The reason for this special resolution is, and the effect thereof will be, to grant, in terms of the provisions of the Act and the Listings Requirements, and subject to the terms and conditions embodied in this special resolution, a general authority to the directors to approve the acquisition by the company or any of its subsidiaries of the company's own shares, which authority shall be used by the directors at their discretion provided that such authority shall not extend beyond 15 months of the date of this AGM.

Disclosures required in terms of the Listings Requirements

In terms of the Listings Requirements, the following disclosures are required with reference to the repurchase of the company's shares as set out in special resolution number 3 above:

Statement of directors

As at the date of this report the company's directors undertake that, after considering the effect of the maximum repurchase permitted, they will not implement any such repurchase unless the provisions of sections 4 and 48 of the Act will be complied with and for a period of 12 months after the date of any resolution of the directors authorising such general repurchase:

(i) the company and the group will be able, in the ordinary course of business, to pay its debts;

(ii) the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with International Financial Reporting Standards;

(iii) the share capital and reserves of the company and the group will be adequate for ordinary business purposes;

(iv) the working capital resources of the company and the group will be adequate for ordinary business purposes; and

(v) the company and the group has complied with the applicable provisions of the Act and the Listings Requirements.

Directors' responsibility statement

The directors, whose names are given on pages 14 and 15 of the report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required by law and the Listings Requirements.

Material changes

Other than the facts and developments reported on in the report, there have been no material changes in the affairs, financial or trading position of the group since the signature date of the report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements are set out in accordance with the reference pages in the report of which this notice forms part:

Directors and management (refer pages 14 to 17)

Directors' interests in the company's shares (refer pages 52 and 53)

11. Special resolution number 4: The authority to pay non-executive directors' fees

"That the non-executive directors' (whose further details and designations are set out on page 14 of the report) fees paid for the period ended 31 August 2019, as set out on page 100 of the report, be and are hereby approved.

Further, that the non-executive directors' fees payable for the period from 1 September 2019 until 31 August 2020 be and are hereby approved:

Name	2020	2019
JP Fisher	211 680	201 600
K Getz	211 680	–
M Kaplan	–	441 000
R Lockhart-Ross	463 050	–
AM Louw	211 680	201 600
R Stumpf	211 680	201 600

Additional fees are paid to non-executive directors for meeting attendance as follows:

Audit committee (per meeting)	R16 540 (2019: R15 750)
Remuneration committee (per meeting)	R8 820 (2019: R8 400)
Social and ethics committee (per meeting)	R8 820 (2019: nil)"

Explanatory note

The reason for this special resolution is, and the effect thereof will be, to grant the company the authority to pay fees to non-executive directors for their services as directors in terms of section 66 of the Act. Furthermore, in terms of the Act and the King IV Report on Governance for South Africa, remuneration payable to non-executive directors should be approved by shareholders in advance or within the previous two years.

SECTION C – TO TRANSACT SUCH OTHER BUSINESS (IF ANY) AS MAY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

Entitlement to attend and vote at the annual general meeting in person or by proxy

- Equity securities held by a share trust or scheme will not have their votes at the AGM taken into account for the purposes of resolutions passed in terms of the JSE Listing Requirements.
- Unlisted securities (if applicable) and shares held as treasury shares may not vote.

Certificated and dematerialised shareholders with "own name" registration

A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend, speak and vote in his/her place. The proxy need not be a member of the company. Proxy forms may be presented any time prior to or at the annual general meeting and also at the company's registered office, or the company's transfer secretaries. Should proxy forms be presented at the company's transfer secretaries these must be completed and received at least 48 hours before the commencement of the AGM (excluding weekends and public holidays). Presentation of suitable identification by the proxy when registering his attendance on the day of the AGM will be required.

Dematerialised shareholders, other than with "own name" registration

Shareholders who have already dematerialised their shares other than with "own name" registration, must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions if they are unable to attend the AGM but wish to be represented thereat. This should be done by the cut-off time stipulated by their CSDP or broker. If, however, such members wish to attend the AGM in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

Participation in the meeting

The board of directors of the company has determined that the record date for the purposes of determining which shareholders of the company are entitled to receive notice of the AGM was Friday, 22 November 2019 and the last date for purposes of determining which shareholders of the company are entitled to participate in and vote at the AGM is Friday, 24 January 2020. Accordingly, only shareholders who are registered in the register of members of the company on Friday, 24 January 2020 will be entitled to participate in and vote at the AGM.

Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM if they are not known to the chairman and must accordingly bring a copy of their identity document, passport or drivers' licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.

This notice of annual general meeting includes the attached proxy form.

Shareholder rights

In terms of section 58 of the Companies Act, No. 71 of 2008 (as amended), shareholders have rights to be represented by proxy as herewith stated.

(1) At any time, a shareholder of the company may appoint any individual, including an individual who is not a shareholder of the company, as a proxy to:

(a) participate in, and speak and vote at, a shareholders' meeting on behalf of the shareholder; or

(b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.

Provided that the shareholder may appoint more than one proxy to exercise voting rights attached to different shares held by the shareholder.

(2) A proxy appointment:

(a) must be in writing, dated and signed by the shareholder; and

(b) remains valid for:

(i) one year after the date on which it was signed; or

(ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4)(c), or expires earlier as contemplated in subsection (8)(d).

(3) Except to the extent that the Memorandum of Incorporation of the company provides otherwise:

(a) a shareholder of the company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;

(b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

(c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders' meeting.

(4) Irrespective of the form of instrument used to appoint a proxy:

(a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;

(b) the appointment is revocable unless the proxy appointment expressly states otherwise; and

(c) if the appointment is revocable, a shareholder may revoke the proxy appointment by:

(i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and

(ii) delivering a copy of the revocation instrument to the proxy, and to the company.

(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of:

(a) the date stated in the revocation instrument, if any; or

(b) the date on which the revocation instrument was delivered as required in subsection (4)(c)(ii).

(6) If the instrument appointing a proxy or proxies has been delivered to the company, as long as that appointment remains in effect, any notice that is required by this Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to

(a) the shareholder; or

(b) the proxy or proxies, if the shareholder has

(i) directed the company to do so, in writing; and

(ii) paid any reasonable fee charged by the company for doing so.

(7) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the Memorandum of Incorporation, or the instrument appointing the proxy, provides otherwise.

(8) If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy:

(a) the invitation must be sent to every shareholder which is entitled to notice of the meeting at which the proxy is intended to be exercised;

(b) the invitation, or form of instrument supplied by the company for the purpose of appointing a proxy, must:

(i) bear a reasonably prominent summary of the rights established by this section;

(ii) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by the shareholder; and

(iii) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour of or against any resolution or resolutions to be put at the meeting, or is to abstain from voting;

(c) the company must not require that the proxy appointment be made irrevocable; and

(d) the proxy appointment remains valid only until the end of the meeting at which it was intended to be used, subject to subsection (5).

(9) Subsection (8)(b) and (d) do not apply if the company merely supplies a generally available standard form of proxy appointment on request by a shareholder.

By order of the board

JJ Vos
Company Secretary

Cape Town
28 November 2019

PROXY FORM

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" or "the group")

THIS FORM OF PROXY IS ONLY FOR USE BY:

- **shareholders who hold their shares in certificated form; and**
- **shareholders who hold dematerialised shares with "own name" registration,**

at the annual general meeting of shareholders of the company to be held at 3rd Floor, Aria North Wharf, 42 Hans Strijdom Avenue, Cape Town at 10:00 on Wednesday, 29 January 2020 (the "annual general meeting").

Other shareholders must give their voting instructions to their CSDP or broker (see note 8).

Each shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in and speak and vote in place of that shareholder at the annual general meeting, and at any adjournment thereafter.

Please note the following:

- the appointment of your proxy may be suspended at any time to the extent that you choose to act directly and in person in the exercise of your rights as a shareholder at the annual general meeting;
- the appointment of the proxy is revocable; and
- you may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the company.

Please note that any shareholder of the company that is a company may authorise any person to act as its representative at the annual general meeting.

Please also note that section 63(1) of the Act, requires that persons wishing to participate in the annual general meeting (including the aforementioned representative) provide satisfactory identification before they may so participate.

I/We (BLOCK LETTERS) ____

of ____

being the registered holder/s of ______________________________ ordinary shares

hereby appoint

1. ____ whom failing

2. ____ whom failing

3. the chairman of the annual general meeting as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 29 January 2020 and at any adjournment thereof as follows:

	Number of shares	In favour of	Against	Abstain
Section A				
Ordinary resolution number 1 – Re-election of non-executive directors				
Ordinary resolution number 1.1 – Re-election of JP Fisher				
Ordinary resolution number 2 – Confirmation of non-executive directors				
Ordinary resolution number 2.1 – Confirmation of R Lockhart-Ross				
Ordinary resolution number 2.2 – Confirmation of K Getz				
Ordinary resolution number 3 – Re-appointment of the independent auditor and designated auditor				
Ordinary resolution number 4 – Appointment of the audit and risk committee				
Ordinary resolution number 4.1 – Election of AM Louw				
Ordinary resolution number 4.2 – Election of R Lockhart-Ross				
Ordinary resolution number 4.3 – Election of JP Fisher				
Ordinary resolution number 5.1 – Endorsement of remuneration policy				
Ordinary resolution number 5.2 – Implementation of remuneration policy				
Ordinary resolution number 6 – General authority to issue securities for cash				
Ordinary resolution number 7 – Directors to implement resolutions				
Section B				
Special resolution number 1 – Financial assistance for subscription of securities				
Special resolution number 2 – Financial assistance				
Special resolution number 3 – General authority to repurchase shares				
Special resolution number 4 – Authority to pay non-executive directors' fees				

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of shares held in respect of which you desire to vote (see note 2).

This proxy shall be valid only until the annual general meeting of the shareholders of the company to be held on 29 January 2020 and any adjournment thereof.

Signed at ______________________________ on ______________________ 20______.

Signature____
(Authority of signatory to be attached if applicable – see note 5)

Assisted by me (where applicable – see note 10) ______________________ Telephone number ______________________

Please also read the notes overleaf.

Registered office
3rd Floor
Aria North Wharf
42 Hans Strijdom Avenue
Cape Town, 8001

Postal address
PO Box 15176
Vlaeberg, 8018
Tel: 021 421 5550

Transfer secretaries
Link Market Services South Africa (Pty) Limited
17 Ameshoff Street, Braamfontein, 2001
PO Box 4844
Johannesburg, 2000

NOTES TO THE PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided with or without deleting "the chairman of the annual general meeting". The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy form will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat.

3. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of votes cast and in respect of which any abstention is recorded may not exceed the total votes exercisable by the shareholder or his/her proxy.

4. Any deletion, alteration or correction to this form of proxy must be initialled by the signatory/ies, but any such alteration or correction will only be validly made if it is accepted by the chairperson.

5. Documentary evidence establishing the authority of a person signing this form of proxy in the representative capacity must be attached to this form of proxy unless previously recorded by the company.

6. Forms of proxy may be presented any time prior to or at the annual general meeting and also at the company's registered office at 3rd Floor, Aria North Wharf, 42 Hans Strijdom Avenue, Cape Town, 8001 (PO Box 15176, Vlaeberg, 8018), or the company's transfer secretaries. Should forms of proxy be presented at the company's transfer secretaries these must be completed and received by Link Market Services South Africa (Pty) Limited, 19 Ameshoff Street, Braamfontein (PO Box 4844, Johannesburg, 2000) by not later than 10:00 on Monday, 27 January 2020.

7. The completion and lodging of this form of proxy by certificated members and dematerialised members with "own name" registration will not preclude the shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.

8. Dematerialised shareholders, other than with "own name" registration, must advise their Central Securities Depository Participant ("CSDP") or broker of their voting instructions if they are unable to attend the annual general meeting, but wish to be represented thereat. This should be done by the cut-off time stipulated by their CSDP or broker. If however, such members wish to attend the annual general meeting in person, then they will need to request their CSDP or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between the dematerialised shareholder and the CSDP or broker.

9. A form of proxy shall be deemed to include the right to demand or join in demanding a poll.

10. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company secretary.

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES
Investments

DIRECTORS
R Lockhart-Ross (Chairman – Independent Non-executive)
AJ Shapiro (Chief Executive Officer)
AL Winkler (Chief Financial Officer)
A Groll (Executive Director)
JP Fisher (Independent Non-executive Director)
K Getz (Non-executive Director)
AM Louw (Independent Non-executive Director)
R Stumpf (Non-executive Director)

REGISTERED OFFICE
3rd Floor
Aria North Wharf
42 Hans Strijdom Avenue
Foreshore
Cape Town, 8001
Tel: 021 421 5550

POSTAL ADDRESS
PO Box 15176
Vlaeberg
8018

WEBSITE
www.trematon.co.za

BANKERS
Investec Bank Limited

AUDITOR
Mazars

COMPANY SECRETARY
JJ Vos
3rd Floor
Aria North Wharf
42 Hans Strijdom Avenue
Foreshore
Cape Town, 8001

COMPANY REGISTRATION NUMBER
1997/008691/06

AUDIT AND RISK COMMITTEE
JP Fisher (Chairman)
R Lockhart-Ross
AM Louw

REMUNERATION COMMITTEE
AM Louw (Chairman)
K Getz
R Lockhart-Ross
R Stumpf

SOCIAL AND ETHICS COMMITTEE
JP Fisher (Chairman)
R Lockhart-Ross
AM Louw

INVESTMENT COMMITTEE
R Lockhart-Ross (Chairman)
JP Fisher
K Getz
A Groll
AJ Shapiro
R Stumpf
AL Winkler

ATTORNEYS
Bernadt, Vukic, Potash & Getz

SPONSORS
Sasfin Capital, a member of the Sasfin Group

TRANSFER SECRETARIES
Link Market Services South Africa (Pty) Limited
19 Ameshoff Street, Braamfontein, 2001
PO Box 4844, Johannesburg, 2000
Tel: 011 713 0800
Fax: 086 674 4381

TREMATON
Capital Investments Limited