TREMATON
Capital Investments Limited

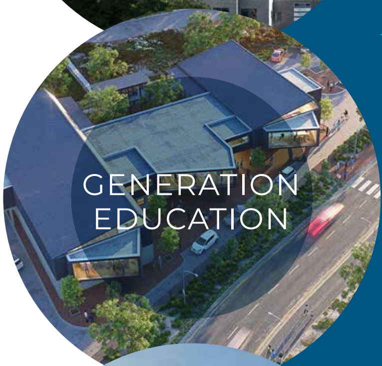
INTEGRATED ANNUAL REPORT

2020

Club Mykonos Langebaan ("CML") 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 has become a popular holiday destination.

Resi Investment Group ("RESI") invests in residential apartments and housing units for rental and capital growth. RESI's core focus is investment in residential properties with stable and growing long-term rental income profiles, located in desirable residential nodes with financially stable tenants.

Aria Property Group ("ARIA") 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.



Generation Education ("GenEd") 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.

ASK Partners ("ASK") 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.

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: 30 November 2020

Financial year-end: 31 August 2020

INTEGRATED ANNUAL REPORT

ANNUAL FINANCIAL STATEMENTS

ROBIN LOCKHART-ROSS

CHAIRMAN'S Report

I wrote in my chairman's report last year that the Trematon board believed that, in the prevailing political and economic climate, shareholders' interests would be best served by proactive asset management of the group's existing investment portfolio, prudent allocation of capital resources and utilisation of debt facilities, and patient planning for the long-term realisation of our investments in more favourable market conditions, rather than by trying to force shorter-term outcomes.

Little did we know at the time about the havoc that the impending Covid-19 tsunami would wreak globally on economies, societies, communities and individuals; and little did we appreciate then how following a risk-off approach, maintaining a solid balance sheet and having ready access to liquidity going into the storm would enable Trematon to withstand the crisis and emerge better prepared to resume normal business activities and take advantage of the opportunities on offer in a post-Covid-19 world.

All of our businesses have held up remarkably well through the challenges and stresses of operational disruption, societal dislocation, income destruction and value deterioration caused by the strict nationwide lockdowns imposed both in South Africa and abroad to mitigate the Covid-19 pandemic. This has been largely attributable to the strategic guidance and close oversight provided by our seasoned executive team at head office, and to the proactive and innovative steps taken by the hands-on management teams at the coalface in each of our businesses.

Like most other companies, management's immediate response to the Covid-19 crisis was firstly to ensure the safety and well-being of all staff, customers, tenants and students, which necessarily involved the curtailment of certain of our business activities in accordance with lockdown regulations; and secondly to ensure that we had adequate liquidity and available facilities to cater for the adverse impact on our businesses of curtailed operations and financially stressed tenants and customers.

As indicated in last year's report, we had commenced pre-Covid in our established property businesses of RESI and ARIA with de-risking and de-gearing our portfolios through selective and opportunistic disposals of mature and non-core assets, which stood us in good stead in creating liquidity that was utilised to complete the construction of work in progress on GenEd's campuses.

One might have expected significant operational and financial stress in our private education business of GenEd, especially given that we opened the middle and high school campus at Imhoff and the new Sandown high school at the start of the 2020 academic year. However, GenEd has been able to respond and adapt to the disruption brought about by Covid-19 and the national lockdown through its already established online teaching platforms and other innovative measures that allowed it to continue providing a full teaching programme to its students and to improve and grow its online offerings.

This outcome has reinforced the board's confidence in the robustness of GenEd's existing education model, of the reach of its innovative online and distance learning offerings, and of the potential in its early-stage associations with Cambridge International and other institutions in the secondary and tertiary education sectors. So shareholders can expect to see a continued portfolio shift within Trematon, away from our traditional property-heavy focus towards more investment in private education, which now already comprises roughly one-third of the group's total intrinsic net asset value ("INAV").

As a result of the board's focus on value preservation, capital rationing and liquidity utilisation over the past 18 months, Trematon now sits in the fortunate position as the economy starts to normalise, following the staggered uplifting of Covid-related trading and travel restrictions, of having a strong balance sheet and available cash resources more than sufficient to cover our normal commitments and to fund expansion and acquisition opportunities.

At the same time, the board is acutely conscious of the long-running criticism levelled at listed investment holding companies for the often substantial discounts at which they trade by comparison to the sum-of-the-parts values of their underlying investments, which criticism has recently escalated in the wake of widening discounts as a result of fallen share prices and impaired asset values due to Covid-19, as has been seen in media reports on the far more illustrious likes of Remgro, PSG, Sabvest and Long4Life.

Trematon's INAV per share as at August 2020 has remained fairly flat at R5.19 (2019: R5.21) per share, mainly due to profitable property realisations in both RESI and ARIA, as well as the increase in the Rand value of our UK-based investment, ASK, and the Trematon share price has continued to hover around R2.00, largely due to general lack of any appetite in the market for small cap stocks. But our INAV discount has persisted and the prospect of successfully unlocking or even significantly narrowing this discount in the short term seems remote in current market conditions.

While there has been pleasing recovery across all of our businesses with the lifting of restrictions and the return to "normality", the profitability of these businesses over the next two financial years will obviously be heavily dependent on the extent and trajectory of South Africa's post-Covid economic growth. While it is still too early to make predictions about this, the board does expect resumption of INAV growth again in FY2021, largely due to greater capacity utilisation in GenEd's existing campuses and additional school acquisitions.

Accordingly the board has resolved to apply that portion of its cash resources, which it deems surplus to the ongoing operational needs of the group's businesses, planned expansionary capital spend over the next year in GenEd and any likely new business acquisitions, to making share buy-backs in the market when substantial blocks of shares become available, and further to supplementing our normal annual capital distribution to shareholders this year.

I would like to express the board's sincere thanks and compliments to the executive team of Trematon led by CEO Arnold Shapiro, to the management teams of our various businesses, and to all our staff and business partners across the whole group for their resilience, innovation and commitment over the course of the past financial year, but especially during the last six months when the Covid-19 pandemic has demanded so much more of us all as organisations, communities and individuals.

Robin Lockhart-Ross
Independent non-executive chairman

CHIEF EXECUTIVE OFFICER'S and CHIEF FINANCIAL OFFICER'S

Joint Report

Trematon began its current life in 2005 as an investor in the small cap market and in unlisted public companies.

As the number of small cap companies listed on the JSE declined, the focus of the company shifted to founding businesses by providing capital and strategic input in partnership with capable and creative management. It is a source of great pride that Trematon is a founder investor in four out of the five major businesses in the group and that all of those businesses have achieved or come close to achieving our targeted return. It is also a source of chagrin that we have made a few costly mistakes when we have strayed from our own disciplines and invested in businesses where we could not control our own destiny. Thankfully most of these are in the past and our current portfolio is in good shape.

Investment companies are definitely not the flavour of the month and do not enjoy widespread support from the broad investment community. Before lockdown, most investment companies were already trading at discounts to their intrinsic value and the discounts widened further after lockdown, even after taking account of the reductions in asset values due to lockdown effects. This has meant that these companies have been unable to access the capital markets for funding; and the flow of funds into offshore investments and out of the JSE has caused a perfect storm in the sector from a share price perspective. It is never possible to forecast market prices but these circumstances do call to mind Warren Buffet's famous quote in the midst of the 2008 financial market meltdown that, “Price is what you pay; value is what you get.”

In our opinion, the most important measure of value for investors in Trematon is the intrinsic net asset value calculation to be found on page 8 of this report. International Financial Reporting Standards (“IFRS”) accounting has some excellent features,

Distributions increased

+36%

to 7.50 cents per share

particularly in respect of disclosure requirements, but it is not well suited to the assessment of investment companies with several subsidiaries, joint ventures and associates, so we prefer to focus on INAV, which provides the best snapshot of where we stand.

In Trematon's 15-year history under current management we have not sold any investments at a value which was materially below the directors' valuation. Therefore, investors can take comfort that the INAV presents a reasonable and realisable after-tax market value for each asset. The INAV values for the commercial properties are determined by the directors with reference to market values of similar properties. The residential portfolio, which is actively traded, reflects current market conditions as it is based on recent sales of similar units in the same development and/or area. Our education assets are valued using a comprehensive discounted cash flow model which is tested for reasonability against the valuation multiples of similar listed education businesses.

Lockdown was in place for the entire second half of the financial year and all of our operations were affected, both in terms of revenues and asset values. All group companies took proactive steps within their own particular contexts and all have proven to be both resilient and flexible. None of our investments has lost appreciable value due to lockdown and the majority remained cash positive even in the midst of full lockdown.

Group management and staff across all subsidiaries showed exceptional work ethic and commitment. Trematon attracts capable management, including entrepreneurs who would not normally fit into a corporate structure, because our executives are afforded high levels of autonomy. This has been a benefit during a turbulent year when decision-making has had to be proactive and fluid.

RESULTS

All group businesses were negatively affected in some way by the lockdown that commenced in the second half of the financial year but all of them remained cash positive.

Our approach to lockdown was to first ensure that staff and customers were kept as safe as possible. Each business took its own proactive steps depending on its business model, but the common themes were to protect our commercial interests while responding in real time to each lockdown-related impact and to assist customers, tenants and staff in weathering the harsh economic environment.

Our common philosophical approach across the group was to reduce discretional spending and to continue to retain and build capacity. The group was already using online collaboration tools extensively before lockdown so the transition to a more intense online management environment was seamless and without incident.

INAV was maintained at close to last year's levels after a careful analysis of the carrying value of each asset.

Although the group made an accounting loss for the year, this was mainly due to various non-cash accounting adjustments which do not reflect the operating performance of the businesses. All operations remained cash flow positive throughout the period albeit at lower than normal levels.

The group continually makes investment disposals, acquisitions and fair value adjustments which can create once-off swings in earnings.

The group has two property focused investment companies – ARIA, which focuses on commercial property, and RESI, which invests in residential rental stock. Both of these companies have been net sellers of mature assets. The proceeds of these sales were used to settle bank debt, with excess funds being distributed to the holding company for further deployment. Some of the distributions received were used for additional funding into GenEd and are also reflected in the higher distribution paid to shareholders this year. This is evident in the increase in percentage contribution of GenEd to INAV, with both ARIA's and RESI's percentage contribution decreasing.

GenEd has been the major investment focus during the financial year. All of the funding was for capital investment and the operations of GenEd were able to generate positive cash flow. As GenEd matures, it is likely that the annuity income component of the group will increase and earnings will become more stable and predictable.

Group revenue (excluding sales of property and land) has grown slightly over the prior year, with the most notable growth contributor being a 21% increase in school fee revenue. School fee income in GenEd continues to grow as a result of

Over
R250 million cash
available for further investment

the opening of two new schools and an increase in student numbers at existing schools that were not previously at full capacity. Rental income has decreased due to the sale of investment properties during the year, as well as discounts and deferrals given to tenants due to Covid-19.

Profit before tax decreased by 97% to R2.1 million (2019: R60.9 million). This is after impairments of investment properties across the group of R7.7 million as well as a write-down of an interest rate swap in ARIA of R16.1 million. Profit from equity accounted investments also decreased due to some investments having been sold in the prior year. ASK, which is equity accounted, was not as profitable as the prior year due to once-off office relocation and expansion costs. However, due to the depreciation of the Rand against the Pound Sterling, a foreign exchange gain of R20.7 million was recognised, which is reflected in the foreign currency translation reserve. Additional expenses incurred as a result of Covid-19 and discounts to tenants and customers also had a negative effect on both earnings and headline earnings.

The above translates to a loss of 2.0 cents (2019: profit of 10.2 cents) per share and a headline loss of 3.3 cents (2019: profit of 2.0 cents) per share for the year.

Book net asset value ("NAV") has increased by 1% to 416 cents (2019: 411 cents) per share while INAV, which provides investors with a realistic and transparent evaluation of Trematon's performance and value, decreased by 0.4% to 519 cents (2019: 521 cents) per share. 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.

At year-end the group had R160.3 million of consolidated local cash on hand. Additionally, via Trematon's UK-based investments, the group has access to R39 million of cash held in offshore accounts and R67 million of investments in short-dated syndications based on the Rand:Pound exchange rate at year-end. Total unallocated cash and near cash available for investment therefore amounts to R266.3 million.

DISTRIBUTIONS

The board has increased distributions to shareholders by 36% over the prior year. The distribution declared for 2020 is 7.50 cents (2019: 5.50 cents) per share.

SHARE BUY-BACKS

During the year Trematon has repurchased 3.8 million shares. 3.2 million of these shares have been reverted to authorised unissued share capital.

CONCLUSION

The turbulent global and local economic environment means that there are generationally cheap investments to be made in certain industries. Trematon has built its portfolio on the principles of value investing but we have also come to realise that sometimes value investing is not enough and that, in the absence of a liquidity event or some other catalyst, value can erode over time. We will be very selective in our investment approach to make sure that these criteria are met.

As is common with all listed investment companies in South Africa, Trematon shareholders understand that they own valuable assets but that this value is not reflected in the share price. The challenge facing management is not only to generate competitive returns within the company but also to ensure that shareholder value is realisable within a reasonable time frame.

For a more in-depth overview of the financial performance of each business unit, please see pages 12 to 27 of this report.

Arnold Shapiro
Chief Executive Officer

Arthur Winkler
Chief Financial Officer

INTRINSIC VALUE REPORT

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

The intrinsic net asset value report below illustrates the INAV of all investment categories of the group for the period ended 31 August 2020. The preparation of the INAV is the responsibility of the directors of Trematon. The INAV 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 INAV is also presented as part of the group's segment information in the audited annual financial statements and, for comparative purposes, the prior year's information is also presented.

		Intrinsic value	
	Notes	**2020 R**	2019 R
Club Mykonos Langebaan	1	**157 596 992**	145 886 925
Aria Property Group	2	**184 366 087**	237 666 440
Resi Investment Group	3	**141 264 603**	169 117 531
Generation Education	4	**378 078 497**	338 694 722
ASK Partners	5	**117 328 699**	111 761 529
Other	6	**33 649 422**	54 195 449
Cash	7	**109 264 345**	82 540 036
Total		**1 121 548 645**	1 139 862 632
Number of net shares in issue	8	**216 046 490**	218 970 557
INAV per share (cents)		**519**	521

Notes

1. CML has been valued using directors' valuations. The increase in INAV over the prior year was due to the installation of a solar plant at the Club Mykonos Boatyard.

2 ARIA has been valued by using directors' valuations. The decrease in INAV over the prior year was mostly due to the sale of properties and the net cash proceeds distributed to shareholders. The cash received by Trematon is included in cash in this INAV report.

3 RESI has been valued using directors' valuations. The portfolio is actively traded and the valuations are based on actual selling prices of similar units in the area after taking into account sales commissions and other sales expenses. The decrease in INAV over the prior year was mostly due to the sale of properties and the net cash proceeds distributed to Trematon. The cash received by Trematon is included in cash in this INAV report.

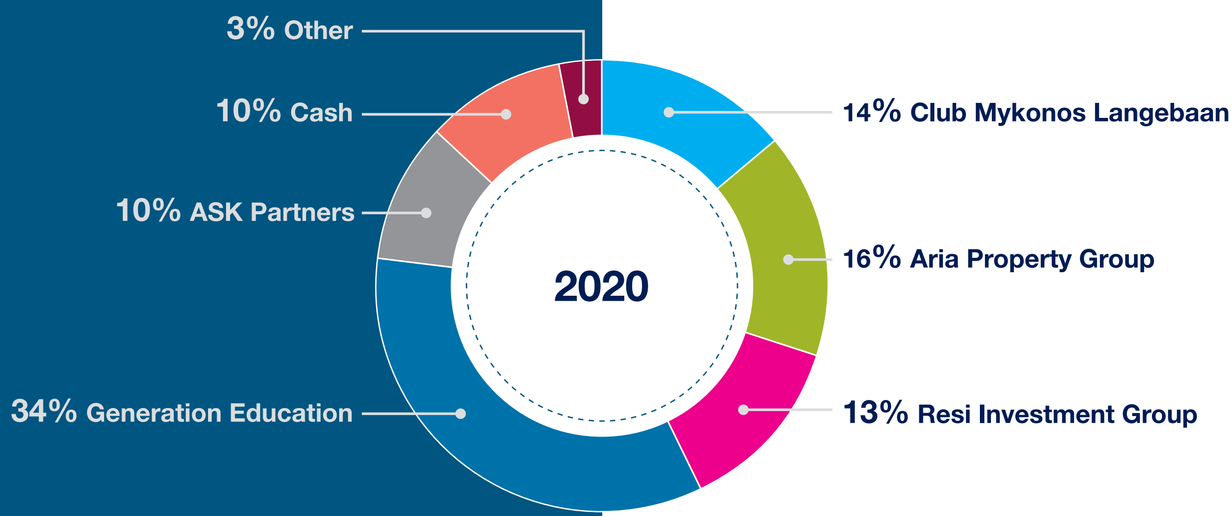
4 The school operations have been valued using a discounted cash flow method. School properties under development were carried at cost. The increase in INAV is mainly due to the construction of school properties and increased student numbers.

5 The investment in ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value increase over the prior year is mainly due to the devaluation of the Rand against the Pound. The investment in the operating entity was written down slightly due to a decrease in profits compared to the prior year.

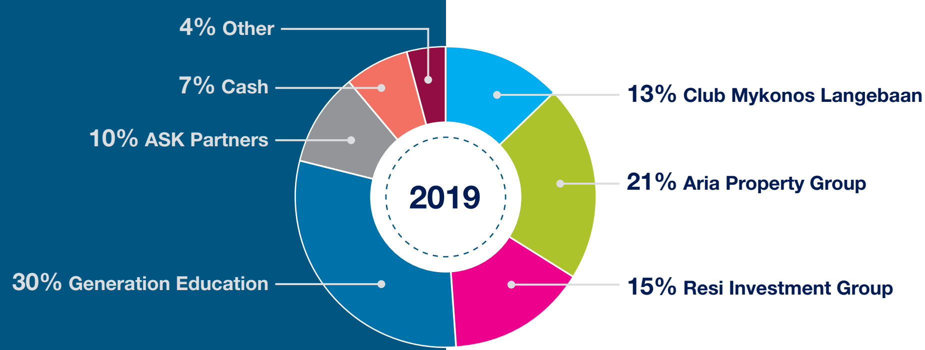
6 Other includes listed shares, held directly and indirectly, and other minor assets less related debt. Included in "other" in the prior year was Trematon's investment in Cloudberry Investments and Buffshelf Co, which were disposed of during the year. The investment in Stalagmite was written down in the current year.

7 Cash includes cash and cash equivalents from all investments, other than ARIA and ASK, which is included in their respective INAV. The increase over the prior year is due to distributions received from ARIA and RESI, net of capital invested in GenEd. Consolidated group cash on hand is R160.3 million – refer to note 12 on page 87.

8 During the year 3.8 million treasury shares were purchased by the company at an average price of R2.45 per share, and 0.9 million ordinary shares were issued in terms of the share incentive plan that were awarded in respect of the 2019 financial year.



INTRINSIC VALUE BY INVESTMENT



BOARD OF DIRECTORS

NON-EXECUTIVE DIRECTORS

ROBIN LOCKHART-ROSS (62)

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.

Years of service: 1

ADRIAAN MURRAY LOUW (75)

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 the financial director of PBT Group Limited.

Years of service: 15*

RUDI STUMPF (50)

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: 15**

JONATHAN FISHER (48)

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 was 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: 9

KEITH GETZ (64)

BProc, LLM

Non-executive Director

Keith is a practising attorney at Bernadt Vukic Potash & 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.

Years of service: 1

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

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EXECUTIVE DIRECTORS

ARNOLD
SHAPIRO
(58)

BBus Sci (Finance Hons)

Chief Executive Officer
Executive Director

Arnold has been the chief executive officer of Trematon for the past 15 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: 15

ARTHUR
WINKLER
(43)

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: 12

ALLAN
GROLL
(65)

Executive Director

Allan has been an active participant in the South African property and equity markets for more than 20 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: 15

COMPANY SECRETARY

JAC
VOS
(38)

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 in the Trematon Group.

Years of service: 11

INVESTMENT

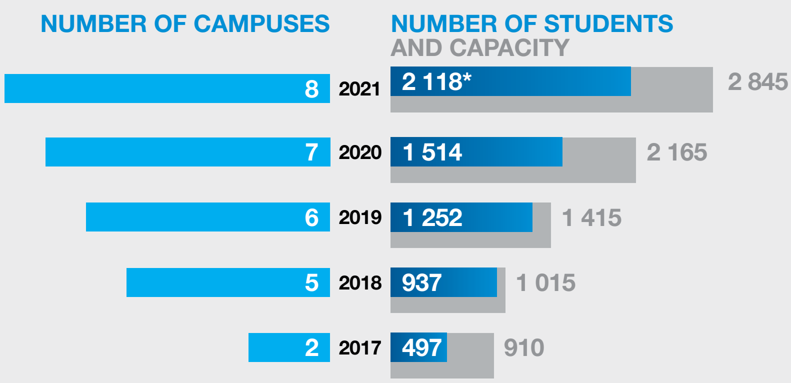
Generation
Curiosity. Experience. Knowledge.

While 2020 has been a year of turmoil and financial devastation for many businesses, it has also clearly entrenched the need for new, more dynamic ways of thinking, teaching and learning.

GenEd's schools are designed to give our students the tools to succeed in a world that is constantly changing. We understand that education is multidimensional: we provide not only an academic and cultural environment but also focus on nurturing the critical thinking capabilities, soft skills, resilience and flexibility that are required to meet the demands of society and the professional world. Now, more than ever, our future-focused approach is proving to be critical to the success of our students when they leave school.

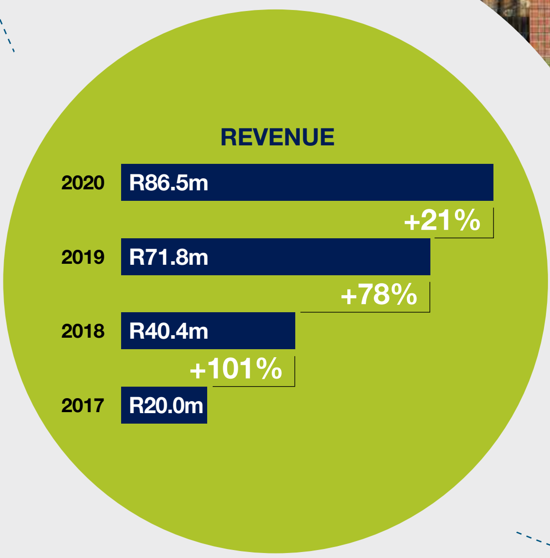
This philosophy underpins our educational programmes at all levels – from pre-school and primary school all the way through high school and beyond. GenEd now has seven fully operational "bricks and mortar" campuses which provide a globally competitive 21st century education. Our campuses are located in Sunningdale, Sandown, Melkbos, Hermanus, Imhoff (Kommetjie) – pre-primary and primary, Imhoff – middle and high, Blue Moon (Bergvliet) and Somerset West (to be opened in 2021).

In the younger classes our programmes are based on Montessori principles, which focus on enabling understanding and cognitive thought instead of "parrot-fashioned" learning. Children are given the freedom and support to question, to probe deeply and to make connections by engaging in interactive, real-life activities. They are placed into three-year vertical grouping bands (0 – 3, 3 – 6, 6 – 9 and so forth), which allow the children to learn from their peers of different age groups and encourages social development.



* Based on placement deposits received and students currently under assessment and observation for 2021 admissions.


Generation
Curiosity. Experience. Knowledge.


REVENUE
2020
R86.5m
+21%
2019
R71.8m
+78%
2018
R40.4m
+101%
2017
R20.0m

2 118 students expected for 2021

increasing +40% from current year

The curriculum at our middle and high schools is based on the programmes of the University of Cambridge International Examinations group, starting with Cambridge Primary and moving through to IGCSE, AS and A Levels in the senior years. These integrated international programmes ensure a smooth transition through the years of schooling and provide multiple paths to self-actualisation and employment, opening doors to universities all over the world. From 2021, IEB will be offered as an additional option.

Our rapidly maturing online offering allows us to leverage the educational expertise in our group to transcend geographic boundaries and educate students of all ages on a global scale. By partnering with UK-based universities we have been able to offer students various exciting qualifications such as an MBA, a Sales and Marketing Diploma and so forth. These courses have been accredited by the Awards for Training and Higher Education (“ATHE”).

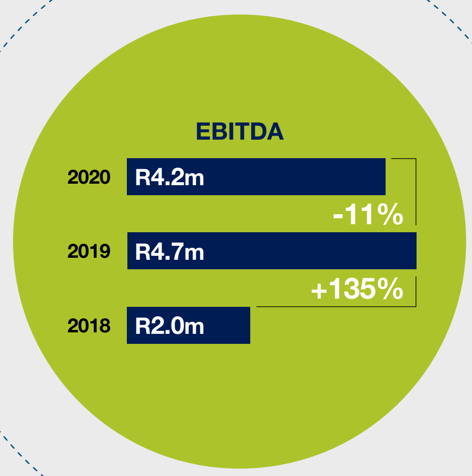
Over the past couple of years, GenEd has become the fastest growing of Trematon’s businesses and now constitutes the largest component of the group’s INAV and accounts for one-third of its value.

Revenue grew to R86.5 million (2019: R71.8 million) which is a 21% increase on the prior year. EBITDA decreased slightly to R4.2 million (2019: R4.7 million). The current-year EBITDA figure is after an IFRS 15 adjustment of R4.9 million. IFRS 15 dictates that non-refundable deposits and administration fees paid by students on admission must be recognised over the students’ expected time to be spent at the school. This adjustment has had a negative effect on revenue. If the above IFRS 15 adjustment is excluded, GenEd’s EBITDA, which consists mostly of cash earnings, would have been R9.1 million. This profit was achieved in spite of 2020 being the most challenging year in GenEd’s five-year history due to the effects of Covid-19.

GenED experienced lost revenue due to students having to leave due to financial difficulties and health risks, as well as an increase in expenses to ensure compliance with all the necessary Covid-19 safety protocols. Despite the above challenges GenEd has managed to retain and grow student numbers post lockdown, avoid further debt and establish the Generation Schools brand as a credible alternative, especially in the middle and high school segments.

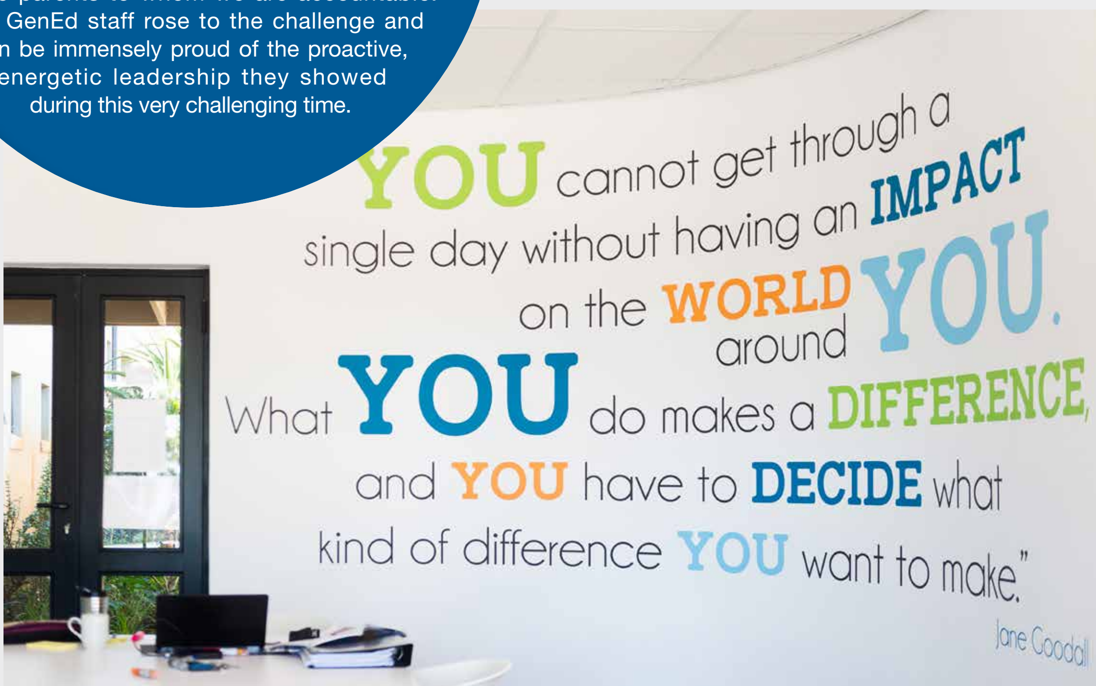
Year-on-year student numbers grew from 1 252 to 1 514 (a 21% increase) and the staff complement grew from 261 to 313 (a 20% increase). GenEd’s capacity in terms of completed buildings at year-end is 2 165 students which equates to a current occupancy of 70%. Most of the vacancy is found in the high schools, which are forecasted to optimise by 2024 as students move from the middle schools into the high school campuses.

The 2020 school year began with the opening of our bespoke high school campus in Sandown – Generation Sandown Institute. This school, housed in a modern, space-ship inspired building, offers a full Cambridge high school education as well as a post-matric programme. In December 2020 we will be opening the first pump track of its kind in the Western Cape at our Sandown high school campus. This will form part of our new sports complex which will be completed in early 2021, and will include football, action hockey and a student-run restaurant.



SPECIAL APPRECIATION

The GenEd executive team and their passionate teaching, administrative and support staff were faced with unprecedented challenges during 2020. Education businesses were amongst the most difficult businesses to manage during lockdown because of the need to provide continuity, support and direction to the young minds we are responsible for and to the parents to whom we are accountable. The GenEd staff rose to the challenge and can be immensely proud of the proactive, energetic leadership they showed during this very challenging time.



We also completed Imhoff phase 2 (middle and high school campus) in time for the start of the 2020 school year. Generation Imhoff, which opened in January 2019, has grown in size and popularity, and is now our largest campus, hosting students from 18 months to exit.

Further strides have also been made in the online space, by investing additional cash resources into GenEx, which houses the online learning experience. GenEx will be developing GenEd's Learner Management System ("LMS") that will allow learning to transition between campus and online as well as provide much-needed operational automation within the school group. The LMS will be a saleable technology in its own regard but, more importantly, will be the wrapper for on-selling our digital content (created by school staff) and the Professional Development Qualification ("PDQ") to other schools and teachers. This educational offering becomes more attractive when we leverage our ability to Cambridge accredit other schools through GenEd's Cambridge Associate agreement. We are in the process of expanding the scope of this agreement from South Africa to incorporate the rest of Africa. GenEx will look to grow its customer base from five schools writing 21 papers to many more as it is capacitated and reconfigured from crisis management mode under the lockdown environment in assisting GenEd to realising its own commercial vision.

2021 is likely to continue to show growth with several new projects in the pipeline. GenEd recently signed a lease to take over the magnificent Reddam House campus in Somerset West. This campus will be completely rebranded as a Generation school, opening in January 2021. This beautiful modern campus, which is only four years old, can accommodate approximately 700 students and is ideally located in the Helderberg basin against a stunning mountain backdrop. It includes a fully equipped aquatic centre, a ballet room, art and science facilities, tennis courts, large sports fields and a nearby boarding facility. Generation Somerset West will offer a dual teaching approach that includes GenEd's multi-curricular approach as well as the IEB syllabus. The majority of Reddam teachers and over 80% of students will remain at the campus.

School campuses **8**

from 2021

In January 2021 we are also opening a boutique middle school – GenEx Blue Moon. This will enable us to extend the journey of the final year primary school students who currently attend Generation Blue Moon into their first year of middle school. The school will be opening at a property in Bergvliet, near to the existing campus. Students will access the Cambridge curriculum online with the support of a facilitator.

The expansion of GenEd has been funded by both the Trematon balance sheet and bank funding. As we move into the future, it is our objective to provide globally competitive solutions by leveraging local talent and resources. We believe that, by tapping into the wealth of human capital in South Africa, GenEd will be able not only to offer world-class education solutions locally, but also to build an extensive network of students abroad.

www.generationschools.co.za

GENERATION
EDUCATION

INVESTMENT

ARIA PROPERTY GROUP

ARIA is an unlisted investment, asset management and property group that operates across South Africa, with a particular focus on the Western Cape (97% of our properties are situated in the Western Cape, with the balance located in Johannesburg). ARIA adopts a flexible and innovative approach to property investment, allowing us to identify undervalued or underperforming assets, to capitalise on opportunities and to add value.

ILAN KAPLAN
Managing Director

JUSTIN ROOME
Executive Director

ARIA's contribution to INAV decreased over the prior year due to disposals of properties and net fair value decreases. Cash received from these disposals was used to repay bank debt with the balance being distributed to shareholders. Trematon's share of ARIA's distributions was R45.8 million which is included in cash on hand. ARIA contributed R3.9 million (2019: R32.8 million) to group profits for the year. The decrease on the prior year is due to downward adjustments to property valuations, an unrealised loss on interest rate swaps and equity accounted investments sold during the prior year.

Total borrowings in ARIA represent a loan-to-value of 67% and just over 50% of this funding is at fixed rates. The portfolio remains diversified across all commercial sectors (retail, office and industrial), with assets being underpinned by high-quality tenants.

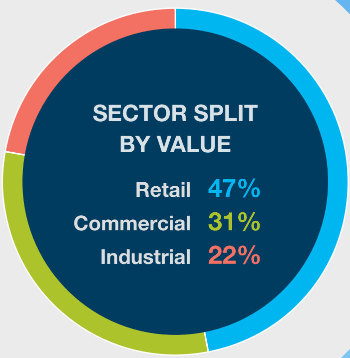
COVID-19

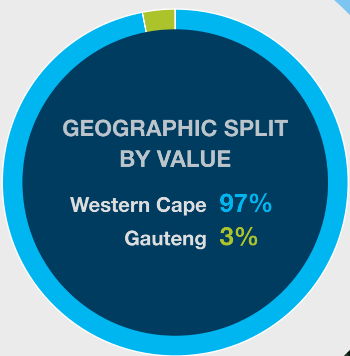
Outside of ensuring the safety of staff, tenants and properties, two major focus points for ARIA during the Covid-19 pandemic were tenant retention and billing collections. To this end ARIA has continuously interacted and engaged with tenants, allowing us to gain a deeper understanding of our tenants' trading patterns and expected cash flow demands. This has allowed ARIA to provide fair and necessary relief to tenants as and when required.

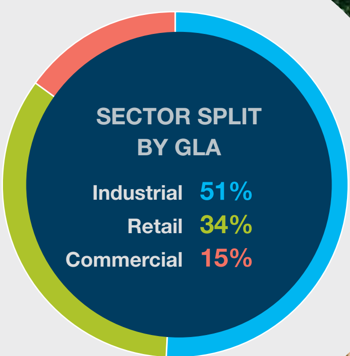
ARIA has provided cash flow relief to tenants in the form of rental discounts and rental deferrals. For the period April to August 2020 ARIA granted rent discounts of R2.1 million and provided net rent deferrals of R0.7 million. This amounts to 4.7% and 1.2% respectively of pre-relief rent for the five-month period. The business was also fortunate enough not to require any form of financial relief from its banking partners or shareholders despite being offered such relief.

During the lockdown period ARIA successfully managed to retain and fully compensate all internal staff and third-party service providers, which included cleaners, security guards and parking attendants.

The company also assisted community initiatives and contributed financially to food security programmes in the catchment area of its larger properties.


SECTOR SPLIT
BY VALUE
Retail 47%
Commercial 31%
Industrial 22%


GEOGRAPHIC SPLIT
BY VALUE
Western Cape 97%
Gauteng 3%


SECTOR SPLIT
BY GLA
Industrial 51%
Retail 34%
Commercial 15%


PIER PLACE

DISPOSALS

ARIA continued to pursue its strategy of balance sheet consolidation, involving strategic disposals of non-core and passive investments that commenced approximately two years ago during the peak of the market. No acquisitions were made during the year.

In the current financial year ARIA disposed of Standard Bank George and its 50% beneficial interest in the Vredenburg Property Trust.

Standard Bank George, located in George and single tenanted by Standard Bank, was sold for a gross selling price of R23.5 million. The property was acquired for R15.5 million in March 2017 and had a carrying value of R19.1 million upon disposal. The property transferred in August 2020.

ARIA's 50% beneficial interest in the Vredenburg Property Trust which owns a shopping centre in Vredenburg, was sold effective 31 March 2020. Cash proceeds of R19.4 million were received as full and final settlement.

In July 2020 ARIA concluded a conditional agreement of sale to dispose of its 50% undivided share in Great White Junction, a neighbourhood centre in Gansbaai, for a gross sale consideration of R54.7 million. ARIA's 50% undivided share was fair valued upwards by R10.9 million to the net selling price of R53.7 million and has been classified as a non-current asset held-for-sale at year-end. Subsequent to the financial year-end all conditions precedent to the transaction have been fulfilled and bank guarantees to the value of the full purchase consideration have been received. Transfer is expected to take place around 1 December 2020.

ARIA will continue to selectively dispose of assets as and when properties become mature and reasonable pricing can be achieved.

MARKET COMMENTARY AND FOCUS FOR THE YEAR AHEAD

The commercial property market has been heavily impacted by Covid-19 and the pandemic's associated drag on the economy. Regionally, the Western Cape has however remained a relative outperformer with no immediate signs of major distress amongst landlords and tenants. With that being said, there is notable downward pressure on rentals in all sectors, the office market being the most severely impacted. Regional malls located outside of the major transport hubs, mostly owned by REITs and the institutional sector, have also been materially impacted by increased vacancies and unprecedented tenant failures.

The listed property/REIT sector has been hard hit by the economic decline with most share prices trading at notable discounts to published NAVs. Prior to Covid-19 the sector was already under pressure, having been plagued by inflated valuations, non-sustainable distribution growth and poor capital allocation policies. Covid-19 has accelerated these challenges within the REIT sector and it is ARIA's belief that REITs will in time be forced to become net sellers of assets allowing them to pay down debt. ARIA is of the opinion that until REITs take aggressive steps to deleverage balance sheets and dispose of assets (core and non-core) at market-related prices, it will remain under pressure for some time to come.

ARIA, which has been a net acquirer of property from the listed property/REIT sector, is actively reviewing acquisition opportunities on a selective basis, looking to take advantage of the current market dislocation.

www.aria.co.za

ARIA
PROPERTY
GROUP

ASK Partners is a UK-based structured finance company that 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. ASK's flexible capital base enables funding across all capital structures, ranging from short-term debt finance to joint venture equity transactions. ASK's flexible approach and experienced management helps in creating tailored funding solutions for our clients in applying a classic value-add investment approach, identifying high-growth sectors and working with our partners to achieve above-average risk-adjusted returns. ASK is able to provide funding from £1 million to in excess of £25 million.

Trematon's investment in ASK continues to add value to INAV as well as contribute to the group's profits albeit a smaller profit contribution in the current year of R1.8 million (2019: R13.9 million) due to once-off office set-up expenses, relocation costs and additional staff costs. These additional costs are in line with the projected growth of the business in being able to cater for its growing investor base of clients. ASK maintained its INAV contribution at 10%, with the depreciation of the Rand to the Pound adding R20.7 million (2019: R3.2 million) to INAV.

By the end of August 2020 ASK had written loans in excess of £325 million (2019: £150 million). A thorough review was performed of the loan book and management is confident that ASK's borrowers and related security remain robust. The average loan to value of ASK's loan book is less than 65%, and the business has minimal exposure to retail and no exposure to leisure, hotels or full-scale development.

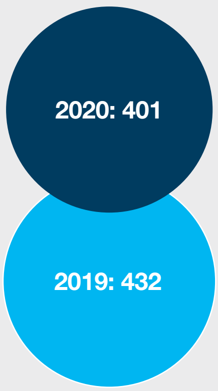
ASK continues to exceed initial budgets and projections, both in terms of loans written and syndications concluded, and is on track to achieve Trematon's long-term return objectives.

www.askpartners.co.uk

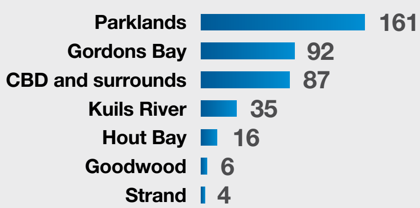
INVESTMENT

RESI invests in residential properties located in desirable nodes with financially stable tenants for both rental income and long-term capital growth. 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.

NUMBER OF PROPERTIES



RESIDENTIAL PROPERTY PORTFOLIO – LOCATIONS



RESI was a net seller of stock for the second consecutive financial year which has been driven by market conditions. Rentals have been under pressure and vacancies have increased, especially during lockdown. In contrast, the market for the sale of units in the price range from R0.5 million to R1.5 million has been very buoyant so management has taken advantage of the opportunity to sell some of our more mature stock. The buoyancy in residential sales can be attributed to lower interest rates on housing loans and an increased willingness by banks to extend such loans. The corollary of this is that the availability of well-priced stock has dried up, so RESI has been unable to source stock at prices which fit our model.

During the year 31 residential units were sold, resulting in proceeds of R16 million against a cost of R12.9 million. All these sales were achieved at prices in excess of carrying value. No purchases were made during the year. A further 56 units were sold after year-end and are included in non-current assets held-for-sale.

RESI's contribution to INAV decreased as a result of the above-mentioned sales with the proceeds being used to reduce bank debt and the balance included in group cash on hand. RESI made a loss before tax of R0.8 million for the year (2019: profit of R4.4 million). This is mainly due to an equity accounted loss in The Woodstock Hub joint venture, which holds properties in the Woodstock area of Cape Town, where our intention is to develop the properties into mixed-use schemes when the property market and general economy recovers.

The Balwin Rentals joint venture which consists of 252 units is fully let and is achieving the projected yields.

We recognise residential housing units as a large and potentially exciting market and will be alert to opportunities to refresh and expand our portfolio, particularly in the Western Cape where we have a very capable and experienced property management team.

www.resi.co.za

INVESTMENT

Club Mykonos is a beach resort ideally located on the Cape West Coast along the shores of the beautiful Langebaan lagoon. The resort offers a range of tasteful accommodation options, from four-star Greek-style terrace units to the luxury Marina Village Apartments. It has its own private beach, swimming pools, conferencing and event facilities, a marina with outstanding restaurants and boat storage units. Club Mykonos has become increasingly popular over the years as a lively family holiday destination with something to offer for guests of all ages.

Although CML comprises just 13% of Trematon's investment portfolio, it has continued to provide a consistent income stream and has been a valuable asset during these challenging times. In spite of the fact that the tourism industry has been particularly hard hit by the Covid-19 lockdown restrictions, CML remains a stable hospitality offering due to its strong domestic support base and diverse entertainment facilities.

The resort was closed from 27 March until 4 September 2020 which reduced income streams across all operations. The running costs of the Club Mykonos Resort are, however, funded primarily by sectional title and homeowner levies. During the lockdown management did everything they could to cut costs and reduce levies, and the majority of our loyal owner base continued to pay levies so the resort facilities were maintained over this period. The resort is now back in full operation subject to hygiene protocols.

CML's contribution to group profit decreased by 58% to R5.5 million (2019: R13.1 million). Sales of properties decreased to R6.5 million (2019: R22.9 million). If profits from the sale of properties is excluded and the annuity income of CML is compared to the prior year, profit only decreased by 13%, which is a good performance considering the very tough circumstances that were prevalent in 2020.

CML owns the development rights on the resort and continues to develop as the market permits in a structured manner. The latest addition, Marina Edge, consists of 16 prime stands on the marina which is the centrepiece of the resort. These stands are being sold as freehold plots.

The Club Mykonos Marina and Boatyard operations were also largely unaffected by the pandemic, with profit remaining consistent with the previous year. We have, however, seen an increase in vacancies. The boatyard currently offers a "360 degree" boating service with 257 managed lock-up storage units, a full service and maintenance facility, boating accessory shop and commercial buildings.

We recently completed the installation of a new solar plant on the roofs of the garages in the boatyard which will provide approximately 50% of the electricity consumed at the resort and will assist in reducing our carbon footprint. CML's INAV increased by 8% as a result of the installation of the solar plant. The solar installation will result in an increase in profit in the next financial year and will result in CML being less reliant on availability of power from Eskom. This will mitigate any supply constraints from Eskom as CML continues to explore potential development of the remaining zoned undeveloped land in order to unlock further value.

The Club Mykonos Marina remains a popular leisure boating destination and mooring facility. We continue to maintain and upgrade this area on an ongoing basis to provide our tenants with the best possible boating experience, whilst safeguarding their assets.

In 2019 we secured long-term lease agreements with two top restaurants – the Cape Town Fish Market and Kapstadt Brauhaus – both of which have proven to be highly successful and a major attraction on the resort. This year we have continued to diversify and expand our offering in the commercial buildings around the marina with the addition of a motorcycle tour operator and a craft shop.

CML has also taken over the accommodation rental and conferencing operations at Club Mykonos. Whilst this is an exciting addition to CML, it has been unable to trade for the most part of the year due to lockdown restrictions on accommodation, groups and conferencing. Commercial rentals decreased during the year due to rental concessions while the resort was closed. All our commercial tenants have been fully operational from 4 September when the Club Mykonos resort reopened. This is, however, a resilient operation and our anchor tenants have indicated that trade volumes for September were back to pre-Covid levels, which is an encouraging sign for the year to come.

www.clubmykonos.co.za

FIVE-YEAR REVIEW

	2020 R	2019 R	2018 R	2017 R	2016 R
Operating results					
Revenue	**375 245 550**	386 279 832	317 575 672	301 203 051	132 644 204
Profit before tax	**2 113 237**	60 976 141	51 143 647	404 639 073	83 990 139
(Loss)/earnings attributable to shareholders	**(4 182 415)**	22 134 409	35 657 351	291 777 201	49 503 688
Headline (loss)/earnings attributable to shareholders	**(6 965 805)**	4 296 232	6 139 922	44 238 644	3 650 220
Statement of financial position summary					
Non-current assets	**2 067 139 118**	2 105 720 972	2 094 952 994	1 965 107 613	1 024 092 037
Current assets	**230 572 458**	224 064 928	200 404 225	268 516 168	166 571 895
Non-current assets held-for-sale	**91 411 180**	37 770 760	2 354 348	3 587 500	–
Total assets	**2 389 122 756**	2 367 556 660	2 297 711 567	2 237 211 281	1 190 663 932
Non-current liabilities	**1 029 420 675**	1 144 675 174	1 196 477 139	1 007 495 600	492 752 428
Current liabilities	**333 881 606**	166 137 972	77 774 703	275 386 564	96 689 138
Total liabilities	**1 363 302 281**	1 310 813 146	1 274 251 842	1 282 882 164	589 441 566
Shareholders' equity	**898 794 959**	900 738 727	880 057 381	850 304 454	556 190 492
Non-controlling interest	**127 025 516**	156 004 787	143 402 344	104 024 663	45 031 874
Total equity	**1 025 820 475**	1 056 743 514	1 023 459 725	954 329 117	601 222 366
Statistics					
Number of shares in issue	**216 711 029**	218 970 557	216 188 197	217 347 679	217 713 829
Net asset value per share (cents)	**416**	411	407	391	255
Intrinsic net asset value per share (cents)	**519**	521	468	431	368
(Loss)/earnings per share (cents)	**(2.0)**	10.2	16.5	134.0	22.8
Headline (loss)/earnings per share (cents)	**(3.3)**	2.0	2.8	20.3	1.7
Distributions per share (cents)	**5.50**	5.25	5.00	4.00	3.75

GENERATION
EDUCATION

CORPORATE GOVERNANCE REVIEW

INTRODUCTION

The board of directors continue 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 comprised 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. Non-executive 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 26 of this integrated annual report.

CHANGES TO THE BOARD OF DIRECTORS

There were no changes to the composition of the board during the year.

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 Corporate 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 company and are entitled to obtain independent professional advice regarding company matters at the company'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 company 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 Lockhart-Ross, is currently a member of the audit and risk committee. The board is of the opinion that given Mr Lockhart-Ross' extensive experience from having served on audit and risk committees of other companies, and taking into account the current size of Trematon's operations, that Mr Lockhart-Ross should 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 2020 is set out on pages 44 and 45.

INVESTMENT COMMITTEE

The investment committee, which comprises one independent non-executive director, two non-executive directors and three executive directors, being Messrs 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 three suitably qualified non-executive directors, being Messrs 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 two non-executive directors and one executive director. The members are Messrs JP Fisher, K Getz and AJ Shapiro. The committee will monitor 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
R Lockhart-Ross (Chairman)	4
JP Fisher	4
A Groll	4
K Getz	4
AM Louw	3
AJ Shapiro	4
R Stumpf	3
AL Winkler	4

Audit and risk committee

Members	Meetings attended
JP Fisher (Chairman)	2
R Lockhart-Ross	2
AM Louw	2

Remuneration committee

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

Social and ethics committee

Members	Meetings attended
K Getz (Chairman)	1
JP Fisher	1
AJ Shapiro	1

Trematon's ability to be sustainable as a company 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	8	0	1	2	17	**28**
Skilled technical workers, junior management and supervisors	4	1	7	27	8	4	28	107	**186**
Semi-skilled and discretionary decision-making	16	0	18	6	58	0	19	28	**145**
Total permanent	**20**	**1**	**25**	**48**	**66**	**5**	**49**	**152**	**366**
Temporary employees	0	0	0	0	0	0	0	0	**0**
Total temporary	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand total	**20**	**1**	**25**	**48**	**66**	**5**	**49**	**152**	**366**

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 to 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 company and its stakeholders.
- 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 to 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 other members of the board. 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.

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 scope of operations and 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 page 50.

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 2021.

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, management aims to be market competitive and ensures 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 share incentive scheme which has been developed and was approved by shareholders at the AGM held in January 2018.

The remuneration paid to executive directors is disclosed on page 35 and note 26 on page 99.

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 2020 financial year was 6%.

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 R2.4 million (2019: R2.3 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 has 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 2021 financial year, which are subject to approval by shareholders at the forthcoming AGM in January 2021, are included in the notice of AGM on page 117.

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 director Mr R Stumpf. The chief executive officer and chief financial officer are invitees to the committee (if required). The composition of the committee was reassessed during the 2020 financial year and the directors were satisfied that the majority of members are independent.

PART II: IMPLEMENTATION OF REMUNERATION POLICY

Directors' remuneration

Executive directors	Basic salary R	Taxable benefits R	Short-term incentive bonus R	Share-based payment* R	Total R
2020					
AJ Shapiro	**2 973 600**	**23 290**	**–**	**1 122 315**	**4 119 205**
A Groll	**1 911 420**	**21 550**	**–**	**742 969**	**2 675 939**
AL Winkler	**1 848 000**	**16 393**	**–**	**636 899**	**2 501 292**
Total	**6 733 020**	**61 233**	**–**	**2 502 183**	**9 296 436**
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

* Share-based payments relate to shares issued in terms of the share incentive scheme which are spread over the vesting period of three years.

Non-executive directors	Directors' fees 2020 R	Directors' fees 2019 R
M Kaplan*	**–**	199 500
R Lockhart-Ross**	**488 416**	307 335
JP Fisher	**244 760**	233 100
K Getz**	**211 680**	183 540
AM Louw	**253 580**	241 500
R Stumpf	**220 500**	211 962
Total	**1 418 936**	1 376 937

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

Total directors' remuneration	2020 R	2019 R
Executive directors	**9 296 436**	12 336 305
Non-executive directors	**1 418 936**	1 376 937
Total	**10 715 372**	13 713 242

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 AGM. 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 AGM, the board of directors will engage with dissenting shareholders in order to clarify the nature of and evaluate the validity of their objections. Where possible and prudent, given the objectives of the remuneration policy, the committee will take those objections into consideration when formulating any amendments to the company'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 ("King IV").

	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 the 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 company'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 and the electronic news service of the JSE Limited ("SENS") announcements which are also available on the company's website at www.trematon.co.za. The publication of external reports and press releases, including SENS, requires the prior approval of the company's 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 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 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, respectively. 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 divisions. 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 company remunerates fairly, responsibly and transparently in the context of overall remuneration in the group to enable the company 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 27 January 2021 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 regulations of the JSE Limited and King IV. Directors' remuneration has been disclosed comprehensively in the company'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, which 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.

ANNUAL FINANCIAL STATEMENTS

2020

TREMATON

Capital Investments Limited

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 2020 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 chief financial officer.
- Ensured that the issuer has established appropriate financial reporting procedures and that those procedures are operating.
- Requested from the external auditor and, if necessary, consulted with the audit firm on the information detailed in paragraph 22.15(h) in their 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 included the consolidated financial statements for the year ended 31 August 2020.
- Ensured that appropriate financial reporting procedures exist and are working which should include consideration of all entities included in the consolidated group IFRS financial statements.
- To ensure that it has access to all the financial information of the group to allow the group to effectively prepare and report on its financial statements.

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 Lockhart-Ross, is currently a member of the audit and risk committee. The board is of the opinion given Mr Lockhart-Ross' extensive experience from having served on audit and risk committees of other companies and taking into account the current size of Trematon's operations, that Mr Lockhart-Ross should 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 2020 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 2021 financial year, with Marc Edelberg, 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 Marc Edelberg's first year and Mazars' tenth 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 are:

- Valuation of investment properties
- Impact of Covid-19 pandemic

The committee has considered and evaluated these matters and is satisfied that they are 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's 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 2020 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.

JP Fisher
Audit and risk committee chairman

11 November 2020

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors of the company, whose names are stated on pages 10 and 11, are responsible for the preparation, integrity 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 2020, 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 control 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 external auditors are responsible for independently auditing and reporting on the group annual financial statements and financial statements in conformity with International Standards on Auditing.

The directors hereby confirm that:

- the annual financial statements set out on pages 54 to 115, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- internal financial controls have been put in place to ensure that material information relating to the group and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code; and
- we 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.

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 11 November 2020 and are signed on their behalf by:

AJ Shapiro
Chief Executive Officer

AL Winkler
Chief Financial 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 2020, 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

11 November 2020

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 54 to 115, which comprise the consolidated and separate statement of financial position as at 31 August 2020, 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 2020, 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 the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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(f) 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 32 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 the 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 reviewing the key assumptions used in determining the fair value of investment properties, including: comparing the rental income to actual results, assessing 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 • reviewing 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)

Matter	Audit response
Impact of Covid-19 Pandemic on Trematon Capital Investments Limited's consolidated financial statements (Note 39)	
The South African economy has been deeply impacted by the Covid-19 pandemic that resulted in the nationwide lockdown from 27 March 2020. After the initial hard lockdown, the government then imposed a risk-based lockdown level approach which has resulted in the continued partial easing of the lockdown regulations. The lack of a clear timeline for the releasing of the various lockdown levels has further continued to have an impact on the economy and business sector of South Africa. The directors' have disclosed the impact of Covid-19 on the group in note 39 of the current year annual report. The directors' highlighted that Covid-19 and the relating lockdown directly impacted rental income, the valuation of investment property, the expected credit loss provision on debtors, education income, commission and conference income. The directors will continue to evaluate the impact of Covid-19 on the group. The full long-term effects of the pandemic are not yet known but will continue to be monitored by the directors accordingly.	As part of the audit work performed, we have evaluated the impact that Covid-19 has had on the group's business operations, as well as its ability to continue as a going concern for the foreseeable future, as follows: • assessing the net asset position of the group, as well as access to borrowing facilities. • evaluating the cash balances at year-end; • assessing the appropriateness of the expected credit loss provisions raised; • assessing the ability of the group to continue as a going concern based on its diversified nature, the ability of businesses within the group to operate during lockdown and expected return to normal operations as lockdown is eased; • examining receipts from debtors on a sample basis post year-end; • testing the reasonability of the fair value of investment property, as noted above; and • considering and reviewing management's intrinsic value report. Having performed our audit procedures and evaluated the outcomes we concluded that our audit procedures appropriately address the key audit matter.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Trematon Capital Investments Limited Integrated Annual Report 2020", which includes 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 ten years.

Mazars
Registered Auditors
Partner: Yolandie Ferreira
Registered Auditor

Cape Town
30 November 2020

DIRECTORS' REPORT

The directors submit their report for the year ended 31 August 2020.

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 2020 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

	2020			2019		
	Direct beneficial	**Indirect beneficial**	**Total**	Direct beneficial	Indirect beneficial	Total
Executive						
A Groll	**1 000 000**	**47 550 000**	**48 550 000**	681 811	47 309 878	47 991 689
AJ Shapiro	**1 429 584**	**9 350 243**	**10 779 827**	1 060 590	9 350 243	10 410 833
AL Winkler	**822 673**	**–**	**822 673**	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**	114 865	–	114 865
R Lockhart-Ross	**–**	**–**	**–**	–	–	–
JP Fisher	**–**	**–**	**–**	–	–	–
	3 367 122	**67 763 677**	**71 130 799**	2 466 655	67 523 555	69 990 210

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	681 811	209 226	–	891 037
AJ Shapiro	1 060 590	325 494	–	1 386 084
AL Winkler	609 389	202 284	–	811 673
Total	2 351 790	737 004	–	3 088 794

There have been no changes in the directors' interests in shares and/or convertible debentures between 31 August 2020 and the date of this report.

ACCOUNTING POLICIES

The accounting policies have been applied consistently to all periods presented in these results, except for the adoption of IFRS 16 which did not have a material impact on the results of the group for the year ended 31 August 2020.

ISSUE OF SHARES

895 075 shares were issued by the company during the current year (2019: 2 826 231 shares issued).

TREASURY SHARES

3 819 142 treasury shares were acquired during the year. 3 154 603 of the shares were cancelled with a net treasury shares balance of 664 539 at year-end.

BORROWING LIMITATIONS

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

COMPLIANCE WITH APPLICABLE LAWS

The directors confirm that Trematon is in compliance with the provisions of the Companies Act, specifically relating to its incorporation and is operating in conformity with its Memorandum of Incorporation.

SPECIAL RESOLUTIONS

The following special resolutions considered at the annual general meeting held on 29 January 2020 as proposed in the annual report for the 2019 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 inter-related company, or for the purchase of any securities of the company or a related or inter-related 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 number 4: The authority to pay non-executive directors' fees – Non-executive directors' fees paid for the period ended 31 August 2019, and further that the non-executive directors' fees proposed for the period from 1 September 2019 until 31 August 2020 were approved.

CAPITAL DISTRIBUTION

On 11 November 2020, subsequent to year-end, the board of directors declared a capital distribution of 7.50 cents per share (2019: 5.50 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, 18 December 2020.

In compliance with IAS 10 – *Events after the Balance Sheet Date*, the capital distribution will only be accounted for in the financial statements in the year ending 31 August 2021.

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.

DIRECTORS' REPORT
(continued)

The net amount payable to shareholders is R16.3 million, being 7.50 cents per share, based on the current number of 216 711 029 shares in issue.

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

Last date to trade:	Monday, 14 December 2020
Ex-date:	Tuesday, 15 December 2020
Record date:	Friday, 18 December 2020
Payment date:	Monday, 21 December 2020

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 December 2020 and Friday, 18 December 2020, both days inclusive.

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

Name	Classification
Executive directors	
AJ Shapiro	Chief Executive Officer
AL Winkler	Chief Financial Officer
A Groll	
Non executive directors	
R Lockhart-Ross	Independent Chairman
AM Louw	Independent
JP Fisher	Independent
K Getz	
R Stumpf	

COVID-19 IMPACT
The outbreak of the Covid-19 pandemic which resulted in a nationwide lockdown in March 2020 has had a significant impact on the world and South African economy. The group was not an essential service provider, however all its businesses continued operating during the lockdown with staff working from home. The group had the financial resources available to provide relief, however the possibility of future relief and the financial impact is uncertain and cannot be quantified at this stage as the country is still in level 1 lockdown. There were no staff retrenchments as a result of Covid-19.

The group has treated the impact of the Covid-19 pandemic as an adjusting event and other than as summarised below, there were no significant adjustments to the group's annual financial statements for the year ended 31 August 2020. The group is continuing to monitor the impact of the pandemic and there are no material adjustments to the results post year-end.

The financial impact of Covid-19 is summarised below:

- increase in loss allowance, mainly in the subsidiary ARIA amounting to R5.1 million. As a percentage of total debtors in the subsidiary the provision is 49% at year-end as compared to no provision in the prior year. Other provisions for doubtful debts are insignificant;
- no material bad debts or provision for expected credit losses in the current year, other than as mentioned above;
- increase in capitalisation rates used for the valuation of investment properties which is disclosed in note 32;
- reduction in rental income due to concessions given to tenants in the form of rental discounts amounting to R2.1 million and rental deferrals amounting to R0.7 million;
- reduction in education income due to relief given to parents in the form of discounts on school fees for a limited period amounting to R0.4 million;
- commission and rental income decreased as a result of Club Mykonos Rental Services being closed for five months of the financial year due to lockdown (R6.8 million total decrease in revenue from 2019 to 2020). The costs decreased by R6.5 million from 2019 to 2020 therefore the operating loss was not significant. Operations recommenced on 4 September 2020;
- there was no impairment of investments and loans receivable as a result of Covid-19;
- fair value adjustments to investment properties resulted in a decrease of R7.7 million during the year. The fair value decrease is mainly due to Covid-19 which has resulted in vacancies and reductions in market rentals as well as changes in capitalisation rates used in valuing the properties; and
- the decrease in the prime overdraft rate resulted in fair value losses on interest rate swaps amounting to R16.1 million within ARIA.

SUBSEQUENT EVENTS
The impact of Covid-19 has been considered after year-end and there has been no further material impact on the group's profit and loss and statement of financial position after year-end. The group continues to monitor the impact of the pandemic and on date of signing of this report the impact is not considered to be material.

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, including specific consideration of the risk associated with Covid-19.

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
11 November 2020

ARIA
PROPERTY
GROUP

STATEMENTS OF FINANCIAL POSITION
at 31 August 2020

	Notes	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
ASSETS					
Non-current assets					
Property, plant and equipment	3	**315 792 770**	242 984 087	**–**	–
Investment properties	4	**1 548 182 775**	1 659 732 822	**–**	–
Investments in subsidiaries	5	**–**	–	**20**	20
Investments	6.1	**–**	107	**–**	–
Investments in joint ventures	6.2	**5 831 841**	24 563 182	**–**	–
Investments in associate entities	6.3	**121 896 884**	103 071 814	**–**	–
Loans to group companies	7	**–**	–	**189 476 587**	115 989 547
Deferred tax asset	8	**22 739 576**	15 147 454	**–**	–
Loans receivable	9	**52 695 272**	60 221 506	**–**	–
		2 067 139 118	2 105 720 972	**189 476 607**	115 989 567
Current assets					
Investments	6.4	**8 133 695**	6 773 170	**–**	–
Loans receivable	9	**–**	9 698 951	**–**	–
Trade and other receivables	10	**19 147 191**	14 930 578	**–**	–
Loans to group companies	7	**–**	–	**48 483 641**	109 670 629
Inventories	11	**42 081 276**	45 630 431	**–**	–
Cash and cash equivalents	12	**160 273 541**	146 433 357	**3 908 896**	355 606
Current tax asset		**936 755**	598 441	**–**	–
		230 572 458	224 064 928	**52 392 537**	110 026 235
Non-current assets held-for-sale	4	**91 411 180**	37 770 760	**–**	–
Total assets		**2 389 122 756**	2 367 556 660	**241 869 144**	226 015 802
EQUITY AND LIABILITIES					
Equity					
Share capital and share premium	13	**272 591 506**	290 296 156	**272 591 506**	290 296 156
Treasury shares	13	**(1 337 063)**	–	**(1 337 063)**	–
Share-based payment reserve	14	**12 355 549**	11 769 389	**12 355 549**	11 769 389
Convertible debentures	15	**–**	–	**30 742 072**	30 742 072
Fair value reserve	16	**33 353 081**	33 353 081	**–**	–
Foreign currency translation reserve		**27 670 101**	6 975 901	**–**	–
Accumulated profit/(loss)		**554 161 785**	558 344 200	**(146 064 030)**	(142 080 224)
Total equity attributable to equity holders of the parent		**898 794 959**	900 738 727	**168 288 034**	190 727 393
Non-controlling interest	5	**127 025 516**	156 004 787	**–**	–
		1 025 820 475	1 056 743 514	**168 288 034**	190 727 393
Liabilities					
Non-current liabilities					
Loans payable	17	**878 679 003**	1 027 987 537	**65 832 040**	25 345 000
Derivatives	18	**14 954 196**	–	**–**	–
Trade and other payables	19	**24 859 516**	–	**–**	–
Deferred tax liability	8	**110 927 960**	116 687 637	**–**	–
		1 029 420 675	1 144 675 174	**65 832 040**	25 345 000
Current liabilities					
Loans payable	17	**265 128 051**	78 929 777	**7 657 850**	9 797 164
Convertible debentures	15	**–**	–	**–**	77 598
Current tax liability		**608 511**	290 797	**–**	–
Derivatives	18	**1 192 311**	–	**–**	–
Trade and other payables	19	**66 952 733**	86 917 398	**91 220**	68 647
		333 881 606	166 137 972	**7 749 070**	9 943 409
Total liabilities		**1 363 302 281**	1 310 813 146	**73 581 110**	35 288 409
Total equity and liabilities		**2 389 122 756**	2 367 556 660	**241 869 144**	226 015 802

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 August 2020

	Notes	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
Revenue	20	**375 245 550**	386 279 832	**8 991 882**	10 871 058
Total realised profit/(loss)		**7 478 238**	(351 506)	**–**	–
Realised loss on financial assets at fair value through profit and loss	6.4	**(243 775)**	(2 048 224)	**–**	–
Realised profit on sale of non-current assets		**7 722 013**	4 320 973	**–**	–
Realised loss on sale of joint venture		**–**	(2 624 255)	**–**	–
Total (loss)/profit from fair value adjustments		**(28 680 923)**	25 568 946	**–**	–
Fair value adjustment on financial assets at fair value through profit and loss		**(1 295 001)**	–	**–**	–
Fair value adjustment on financial liabilities at fair value through profit and loss	18	**(16 146 507)**	–	**–**	–
Foreign exchange gains		**1 557 236**	–	**–**	–
Fair value adjustment on investment properties	4	**(7 711 864)**	35 815 865	**–**	–
Increase in loss allowance	10	**(5 084 787)**	–	**–**	–
Impairment of loan	9	**–**	(10 246 919)	**–**	–
Other income		**2 080 246**	2 429 847	**–**	–
Employee benefits		**(81 482 359)**	(74 573 729)	**(3 002 862)**	(4 374 588)
Cost of property and land sold		**(9 252 057)**	(16 169 522)	**–**	–
Other operating expenses		**(168 693 820)**	(179 662 416)	**(1 196 617)**	(989 941)
Operating profit	21	**96 694 875**	143 521 452	**4 792 403**	5 506 529
Finance costs	22	**(98 079 549)**	(108 516 229)	**(8 776 209)**	(5 924 493)
Profit from equity accounted investments (net of tax)	6.5	**3 497 911**	25 970 918	**–**	–
Profit/(loss) before income tax		**2 113 237**	60 976 141	**(3 983 806)**	(417 964)
Income tax	23	**(4 746 678)**	(25 914 496)	**–**	–
(Loss)/profit for the year		**(2 633 441)**	35 061 645	**(3 983 806)**	(417 964)
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	**–**	–
Tax effects of fair value adjustments		**–**	(858 406)	**–**	–
Items that are or may subsequently be reclassified to profit/(loss):					
Foreign currency translation differences on equity accounted investments		**20 694 200**	3 242 463	**–**	–
Other comprehensive income for the year		**20 694 200**	6 216 223	**–**	–
Total comprehensive income for the year		**18 060 759**	41 277 868	**(3 983 806)**	(417 964)
(Loss)/profit attributable to:					
Equity holders of the parent		**(4 182 415)**	22 134 409	**(3 983 806)**	(417 964)
Non-controlling interests		**1 548 974**	12 927 236	**–**	–
		(2 633 441)	35 061 645	**(3 983 806)**	(417 964)
Total comprehensive income attributable to:					
Equity holders of the parent		**16 511 785**	27 656 638	**(3 983 806)**	(417 964)
Non-controlling interests		**1 548 974**	13 621 230	**–**	–
		18 060 759	41 277 868	**(3 983 806)**	(417 964)
Basic (loss)/earnings per share (cents)	24	**(2.0)**	10.2		
Diluted (loss)/earnings per share (cents)	24	**(2.0)**	9.4		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2020

GROUP	Share capital R	Share premium R	Total share capital R
Balance at 1 September 2018	2 161 881	291 334 661	293 496 542
Total comprehensive income for the year	–	–	–
Profit for the year	–	–	–
Foreign exchange movements on investment in associate	–	–	–
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)
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
Balance at 1 September 2019	**2 189 706**	**288 106 450**	**290 296 156**
Total comprehensive income for the year	**–**	**–**	**–**
(Loss)/profit for the year	**–**	**–**	**–**
Foreign exchange movements on investment in associate	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**8 951**	**2 407 752**	**2 416 703**
Treasury shares cancelled	**(31 546)**	**(7 997 197)**	**(8 028 743)**
Treasury shares acquired	**–**	**–**	**–**
Capital distribution	**–**	**(12 092 610)**	**(12 092 610)**
Dividends declared to non-controlling interest	**–**	**–**	**–**
Balance at 31 August 2020	**2 167 111**	**270 424 395**	**272 591 506**
Notes	13	13	13

Treasury shares R	Share-based payment reserve R	Foreign currency translation reserve R	Fair value reserve R	Accumulated profit R	Total R	Non-controlling interest R	Total equity R
(136 900)	15 681 195	3 733 438	31 073 315	536 209 791	880 057 381	143 402 344	1 023 459 725
–	–	3 242 463	2 279 766	22 134 409	27 656 638	13 621 230	41 277 868
–	–	–	–	22 134 409	22 134 409	12 927 236	35 061 645
–	–	3 242 463	–	–	3 242 463	–	3 242 463
–	–	–	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	–	–	–	–	–	–	–
–	–	–	–	–	(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
–	**11 769 389**	**6 975 901**	**33 353 081**	**558 344 200**	**900 738 727**	**156 004 787**	**1 056 743 514**
–	**–**	**20 694 200**	**–**	**(4 182 415)**	**16 511 785**	**1 548 974**	**18 060 759**
–	**–**	**–**	**–**	**(4 182 415)**	**(4 182 415)**	**1 548 974**	**(2 633 441)**
–	**–**	**20 694 200**	**–**	**–**	**20 694 200**	**–**	**20 694 200**
–	**3 002 862**	**–**	**–**	**–**	**3 002 862**	**–**	**3 002 862**
–	**(2 416 703)**	**–**	**–**	**–**	**–**	**–**	**–**
8 028 743	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(9 365 806)	**–**	**–**	**–**	**–**	**(9 365 806)**	**–**	**(9 365 806)**
–	**–**	**–**	**–**	**–**	**(12 092 610)**	**–**	**(12 092 610)**
–	**–**	**–**	**–**	**–**	**–**	**(30 528 245)**	**(30 528 245)**
(1 337 063)	**12 355 549**	**27 670 101**	**33 353 081**	**554 161 785**	**898 794 959**	**127 025 516**	**1 025 820 475**
13	14		16			5	

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2020 (continued)

COMPANY	Share capital R	Share premium R	Total share capital R
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
Balance at 1 September 2019	**2 189 706**	**288 106 450**	**290 296 156**
Total comprehensive income for the year	**–**	**–**	**–**
Treasury shares cancelled	**(31 546)**	**(7 997 197)**	**(8 028 743)**
Treasury shares purchased	**–**	**–**	**–**
Share-based payment expense	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**8 951**	**2 407 752**	**2 416 703**
Capital distribution	**–**	**(12 092 610)**	**(12 092 610)**
Balance at 31 August 2020	**2 167 111**	**270 424 395**	**272 591 506**
Notes	13	13	13

Treasury shares R	Convertible debentures R	Share-based payment reserve R	Accumulated loss R	Total equity R
(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
–	**30 742 072**	**11 769 389**	**(142 080 224)**	**190 727 393**
–	**–**	**–**	**(3 983 806)**	**(3 983 806)**
8 028 743	**–**	**–**	**–**	**–**
(9 365 806)	**–**	**–**	**–**	**(9 365 806)**
–	**–**	**3 002 862**	**–**	**3 002 862**
–	**–**	**(2 416 703)**	**–**	**–**
–	**–**	**–**	**–**	**(12 092 610)**
(1 337 063)	**30 742 072**	**12 355 549**	**(146 064 030)**	**168 288 034**
	15	14		

STATEMENTS OF CASH FLOWS

for the year ended 31 August 2020

	Notes	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
Cash flows from operating activities					
Cash generated from operations	27	**112 624 581**	139 042 839	**14 804**	7 835
Finance income		**7 874 929**	9 397 715	**90 691**	123 050
Dividends received		**–**	–	**95 359**	2 303
Distributions received from joint ventures and associates		**–**	74 285 753	**–**	–
Finance costs		**(98 079 549)**	(108 516 229)	**–**	–
Income tax paid	28	**(17 887 284)**	(22 249 309)	**–**	–
Dividends paid to non-controlling interest		**(22 896 184)**	–	**–**	–
Net cash (outflow)/inflow from operating activities		**(18 363 507)**	91 960 769	**200 854**	133 188
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	**(81 451 718)**	(97 170 173)	**–**	–
Acquisition of and addition to investment properties	4	**(5 186 841)**	(27 060 812)	**–**	–
Proceeds on disposal of non-current assets		**35 112 459**	38 879 225	**–**	–
Loans receivable advanced		**–**	(5 830 012)	**–**	–
Loans receivable repaid		**9 698 951**	–	**–**	–
Loans advanced to group companies		**–**	–	**(59 128)**	(8 206 167)
Loans repaid by group companies		**–**	–	**24 869 980**	11 349 880
Proceeds on disposal of joint venture		**19 382 062**	7 989 096	**–**	–
Loan advanced to joint ventures and associates		**(5 050 000)**	(12 865 759)	**–**	–
Loans repaid by joint ventures and associates		**7 390 756**	19 600 740	**–**	–
Acquisition of investments		**(2 966 976)**	–	**–**	–
Shares repurchased by associate		**4 566 240**	–	**–**	–
Proceeds on disposal of investments		**55 337**	1 781 665	**–**	–
Net cash (outflow)/inflow from investing activities		**(18 449 730)**	(74 676 030)	**24 810 852**	3 143 713
Cash flows from financing activities					
Acquisition of treasury shares		**(9 365 806)**	–	**(9 365 806)**	–
Capital distribution	37	**(12 092 610)**	(11 349 880)	**(12 092 610)**	(11 349 880)
Decrease in borrowings	27.1	**(1 606 232)**	(4 424 565)	**–**	–
Increase in borrowings	27.1	**72 160 832**	45 880 592	**–**	–
Net cash inflow/(outflow) from financing activities		**49 096 185**	30 106 147	**(21 458 416)**	(11 349 880)
Net cash increase/(decrease) in cash and cash equivalents		**13 840 184**	47 390 886	**3 553 290**	(8 072 979)
Foreign exchange translation adjustment on cash and cash equivalents		**1 557 236**	–	**–**	–
Cash and cash equivalents at the beginning of the year		**146 433 357**	99 042 471	**355 606**	8 428 585
Total cash and cash equivalents at the end of the year		**160 273 541**	146 433 357	**3 908 896**	355 606

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020

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 16 for the first time from 1 September 2019. The nature and effect of these changes as a result of the adoption of this new standard is 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 2020, 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 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 adoption of this standard did not have a material impact on the group's financial position or results due to the group not having material lease commitments and the accounting for lessors remaining largely unchanged.

(b) International reporting standards not yet effective

IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments relating to the definition of "material" that clarifies that materiality will depend on the nature and/or magnitude of information individually or in combination in the context of the financial statements; it explains how "obscured" information is similar to omitting or misstatement; and replaces the threshold of "could influence" with "could reasonably be expected to influence" in the definition of "material". The materiality assessment only considers reasonably expected influence on economic decisions of primary users. The group does not expect the amendment to have a material impact. The amendment to the standard is effective for periods beginning on or after 1 January 2020.

Further amendments affecting the presentation of liabilities, clarify that classification of a liability is to be based on whether the right to defer settlement by 12 months exists at the end of the reporting period and the classification is unaffected by expectation of settlement. The group does not expect the amendment to have a material impact. The amendment to the standard is effective for periods beginning on or after 1 January 2021.

Conceptual Framework for Financial Reporting

The conceptual framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities, and clarifies some important concepts. The group does not expect the amendment to have a material impact. The amendment to the standard is effective for periods beginning on or after 1 January 2020.

(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 32 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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

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 (d)(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 had 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. The investments were disposed of in the current year.

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

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 expect 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% (2019: 22.40%) is used.

If the expected manner of recovery is through use, the normal tax rate of 28% (2019: 28%) is applied.

Covid-19

The outbreak of the Covid-19 pandemic which resulted in a nationwide lockdown in March 2020 has had a significant impact on the world and South African economy. The group was not an essential service provider, however we continued operating during the lockdown with staff working from home. The group has treated the impact of the Covid-19 pandemic as an adjusting event and, other than as summarised in the directors' report, it did not result in any significant adjustments to the group's annual financial statements for the year ended 31 August 2020. The group is continuing to monitor the impact of the pandemic and there are no material adjustments to the results post year-end. Significant judgments include the following:

Impairment of financial assets

Trade receivables and other financial assets are impaired through the use of an allowance account and the amount of the loss is recognised in profit or loss. Recoveries are written back to other income. There was an increase in the allowance for credit losses at the end of the 2020 financial year due to the impact of Covid-19. The impact was not material – refer to notes 6.4 and 10.

Investment property and land and buildings

Investment property and land and buildings are carried at fair value. The impact of Covid-19 has been taken into account when valuing the properties at year-end. Refer to note 32 for detail on the assumptions used by management in determining the fair values at year-end.

Going concern assessment due to Covid-19

The Covid-19 pandemic situation is still uncertain, and management will continue to monitor the impact on the business subsequent to year-end. Covid-19 was treated as an adjusting event – refer to notes 38 and 39.

Classification of investment property as non-current assets held-for-sale

Investment property is classified as held-for-sale if its carrying amount is expected to be recovered primarily through sale rather than through continuing use. Investment property classified as non-current assets held-for-sale will be reclassified back to investment property in the event that the sale is no longer highly probable, including where the sale is no longer expected to qualify for recognition as a completed sale within one year. Refer to note 4 for additional information.

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 or beneficial interest 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.

(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 asset's 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 company'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 expected credit losses ("ECLs") on trade and other receivables. The amount of ECLs 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 represents the ECL 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 call with 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, a 12-month ECL represents 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 a lifetime ECL or a 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the company considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than looking 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, ECL 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 company 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 company 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 company 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 company 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 company considers that default has occurred when a loan instalment is more than 90 days past due unless the company 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 costs 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 company 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

(c) Equity

(i) Share capital and share premium

Ordinary shares are classified as equity and are recognised at 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.

(d) 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 is 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.

(e) 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.

(f) 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.

(g) Inventories

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

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

(h) Fair value reserve

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

(i) 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.

(j) 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.

Adjustments to leases which do not qualify as a lease modification are treated as a variable lease payment with a reduction in lease payments debited against rental income.

School and registration fees

School and registration 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 basis. Payment is received in advance on a monthly basis.

Registration fees are paid to grant access to or to provide a right to use a school. Registration fees paid are non-refundable and are recognised over the student's attendance period.

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 units are rented out on a short-term basis. 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.

(k) 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.

(l) 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.

(m) 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 higher of 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.

(n) Segmental reporting
The principal segments of the group have been identified by investment genre. The basis is representative of the internal structure used for management reporting.

(o) Cost of property and land sold
Costs of property and land sold comprises the carrying amount of inventories sold during the period and any write-down of inventories to net realisable value.

(p) 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.

(q) 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 29 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

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 and risk 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 advanced. 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, e.g. 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 receivable. 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.

(v) Currency risk

The group has no significant exposure to currency risk.

(vi) 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.

(vii) 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.

(viii) 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, to sustain future developments of the business and ensure the group will continue as a going concern whilst maximising returns to shareholders.

The level of dividends paid by the group is determined with reference to the liquidity and solvency of the group as well as consideration of forecasts.

The group aims for a maximum loan to value ratio of 70% for ARIA and 50% to 60% for GenEd and RESI. The ratios are monitored by the executive directors and each business was within their target range during the current financial year.

There are no externally imposed capital requirements.

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	
	2020 R	2019 R	**2020 R**	2019 R
(Loss)/profit attributable to equity holders of the parent	**(4 182 415)**	22 134 409	**(3 983 806)**	(417 964)
Total equity attributable to equity holders of the parent	**898 794 959**	900 738 727	**168 288 034**	190 727 393
Ratio of (loss)/profit to total shareholders' equity	**(0.5%)**	2%	**(2%)**	(0.2%)

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

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for the year ended 31 August 2020 (continued)

3. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost/ valuation R	**Accumulated depreciation R**	**Carrying value R**	Cost/ valuation R	Accumulated depreciation R	Carrying value R
GROUP						
Land and buildings	**300 373 025**	**(7 475 991)**	**292 897 034**	233 815 951	(7 114 478)	226 701 473
Fixtures and fittings	**10 174 596**	**(3 076 366)**	**7 098 230**	6 141 039	(3 550 848)	2 590 191
Motor vehicles	**2 170 216**	**(1 143 287)**	**1 026 929**	2 311 154	(1 256 400)	1 054 754
Office furniture and equipment	**10 266 489**	**(4 915 759)**	**5 350 730**	8 881 465	(2 671 016)	6 210 449
Harbour equipment and moorings	**2 053 506**	**(1 764 473)**	**289 033**	2 706 665	(2 511 472)	195 193
IT equipment	**13 992 825**	**(7 232 278)**	**6 760 547**	7 718 940	(4 064 666)	3 654 274
School equipment	**5 830 650**	**(3 460 383)**	**2 370 267**	4 930 659	(2 352 906)	2 577 753
	344 861 307	**(29 068 537)**	**315 792 770**	266 505 873	(23 521 786)	242 984 087

Reconciliation of property, plant and equipment

	Opening balance R	**Additions R**	**Disposals R**	**Revaluation R**	**Depreciation R**	**Closing balance R**
2020						
Land and buildings	**226 701 473**	**66 557 074**	**–**	**–**	**(361 513)**	**292 897 034**
Fixtures and fittings	**2 590 191**	**5 863 502**	**–**	**–**	**(1 355 463)**	**7 098 230**
Motor vehicles	**1 054 754**	**411 385**	**(40 351)**	**–**	**(398 859)**	**1 026 929**
Office furniture and equipment	**6 210 449**	**752 931**	**(19 686)**	**–**	**(1 592 964)**	**5 350 730**
Harbour equipment	**195 193**	**554 972**	**–**	**–**	**(461 132)**	**289 033**
IT equipment	**3 654 274**	**6 411 863**	**(10 430)**	**–**	**(3 295 160)**	**6 760 547**
School equipment	**2 577 753**	**899 991**	**(4 737)**	**–**	**(1 102 740)**	**2 370 267**
	242 984 087	**81 451 718**	**(75 204)**	**–**	**(8 567 831)**	**315 792 770**
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

Expenditure incurred on construction of property, plant and equipment, included in additions above, amounted to R67 million for the year (2019: R88 million). Borrowing costs capitalised relating to the construction of property, plant and equipment amounted to R1.2 million (2019: R4.5 million) at a rate linked to prime.

The group has entered into capital commitments amounting to R13 million (2019: R57 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 R263 million (2019: R197 million), had land and buildings been recognised under the cost model.

Refer to note 32 for detailed information on the revaluation of land and buildings.

4. INVESTMENT PROPERTIES

	Notes	GROUP 2020 R	2019 R
Carrying value		**1 548 182 775**	1 659 732 822
Carrying value at the beginning of the year		**1 659 732 822**	1 702 316 487
Straight-line rental income adjustment against investment properties		**6 244 215**	13 162 233
Fair value adjustment on investment properties	32	**(7 711 864)**	35 815 865
Disposal of investment properties		**(35 934 422)**	(87 678 865)
Transfer to non-current assets held-for-sale		**(91 411 180)**	(37 770 760)
Additions to investment properties		**17 263 204**	33 887 862
Carrying value at the end of the year		**1 548 182 775**	1 659 732 822
The carrying value comprises:			
Straight-line lease asset		**40 999 428**	33 149 871
Investment property		**1 507 183 347**	1 626 582 951
		1 548 182 775	1 659 732 822
Income and expenses relating to investment properties:			
Income from investment properties		**259 853 956**	262 340 236
Direct expenses from income-generating investment properties		**(108 462 728)**	(115 744 555)

The total value of investment properties pledged as security amounts to R1.43 billion (2019: R1.54 billion).

In the current year ARIA, a 60%-held subsidiary of Trematon, disposed of a property, namely Standard Bank George, for a total consideration of R23.5 million, resulting in a profit on disposal of R4.4 million. RESI, which includes Tremprop (Pty) Limited, The Resi Investment Trust and Lion Property Investment Trust, disposed of multiple residential properties for a total purchase consideration of R16 million, resulting in a profit on disposal of R1.6 million.

Non-current assets held-for-sale relates to a property situated in Gansbaai owned by ARIA, where a sale agreement was entered into before year-end to dispose of the property. Other properties owned by RESI have also been disclosed as non-current assets held-for-sale as they relate to properties where sale agreements have been entered into before year-end and therefore meet the definition of non-current assets held-for-sale.

The details of properties held-for-sale are as follows:

ARIA concluded an agreement for the sale of its Gansbaai property for a total purchase consideration of R109.5 million. ARIA owns 50% of the property which is carried at 50% of the total selling price less costs to sell. Transfer is expected to take place early December 2020.

RESI concluded multiple agreements for the sale of residential properties for a total purchase consideration of R36.7 million. The properties are carried at the total selling price less costs to sell with the majority of the properties awaiting transfer.

In the prior year a non-current asset held-for-sale, known as Glenashley Views, was sold in ARIA for a total purchase consideration of R41 million, resulting in a profit on sale of R1.7 million in the current year.

Property valuations

The fair value of the investment properties, which equals the carrying value, is based on directors' valuations. Refer to note 32 for the detailed valuation techniques used.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

5. INVESTMENTS IN SUBSIDIARIES

		COMPANY			
		% holding/control		Carrying amount	
Name of entity	Principal activity	**2020**	2019	**2020 R**	2019 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) Limited	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	**–**	–
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 Institute (Pty) Limited	School operations	**87.0**	87.0	**–**	–
Genbridge UK Limited	School operations	**87.0**	–	**–**	–
Blue Moon Montessori School (Pty) Limited	School operations	**78.3**	78.3	**–**	–
				20	20

* Deregistered during the year.

All subsidiaries other than Genbridge UK Limited are incorporated and operate solely in South Africa. Genbridge UK Limited is a newly formed entity incorporated in the United Kingdom and is currently dormant.

Due to the nature of the subsidiaries, Trematon Share Incentive Trust, Resi Investment Trust and Lion Property Investment Trust 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 2020	% holding by non-controlling interests 2019	Profit/(loss) allocated to non-controlling interests 2020 R	Profit/(loss) allocated to non-controlling interests 2019 R	Other comprehensive income allocated to non-controlling interests 2020 R	Other comprehensive income allocated to non-controlling interests 2019 R
Aria Property Group (Pty) Limited	**40.0**	40.0	**1 553 872**	13 097 880	**–**	489 204
Stalagmite Property Investments (Pty) Limited	**33.3**	33.3	**(121 466)**	(142 445)	**–**	–
Generation Group**	**13.0**	13.0	**(643 252)**	(681 761)	**–**	204 790
West Coast Holiday Lifestyles (Pty) Limited	**25.0**	25.0	**759 820**	653 562	**–**	–
			1 548 974	12 927 236	**–**	693 994

Name of company	Distributions to non-controlling interests 2020 R	Distributions to non-controlling interests 2019 R	Accumulated non-controlling interests 2020 R	Accumulated non-controlling interests 2019 R
Aria Property Group (Pty) Limited	**(30 528 245)**	–	**122 492 176**	151 466 549
Stalagmite Property Investments (Pty) Limited	**–**	–	**1 927 744**	2 049 210
Generation Group**	**–**	–	**(746 325)**	(103 073)
West Coast Holiday Lifestyles (Pty) Limited	**–**	–	**3 351 921**	2 592 101
	(30 528 245)	–	**127 025 516**	156 004 787

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 August 2020 (continued)

5. INVESTMENTS IN SUBSIDIARIES (continued)

Aria Property Group (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.

	GROUP	
	2020 R	2019 R
Current assets (excluding cash and cash equivalents)	**12 742 277**	9 953 540
Cash and cash equivalents	**50 977 930**	63 893 321
Non-current asset held-for-sale	**53 660 000**	37 770 760
Non-current assets	**1 250 382 422**	1 343 156 354
Total assets	**1 367 762 629**	1 454 773 975
Current liabilities	**312 241 604**	58 960 388
Non-current liabilities	**750 513 446**	1 018 370 107
Total liabilities	**1 062 755 050**	1 077 330 495
Revenue	**217 412 253**	220 598 822
Fair value adjustments	**(28 614 485)**	19 350 314
Realised profit	**6 267 110**	–
Income from equity accounted investments	**4 599 021**	16 050 091
Interest received	**5 113 872**	4 489 515
Finance costs	**(80 934 759)**	(93 330 324)
Net operating expenses	**(114 471 229)**	(107 030 212)
Profit before tax	**9 371 783**	60 128 206
Profit after tax	**3 884 680**	32 744 700
Total comprehensive income	**3 884 680**	32 744 700
Net cash (used in)/from operating activities	**(54 173 831)**	1 389 112
Net cash from investing activities	**29 030 771**	71 519 730
Net cash from/(used in) financing activities	**12 227 669**	(28 303 527)
Dividends paid to non-controlling interests	**(30 528 245)**	–
Dividends received by equity holders of the parent	**45 792 368**	–

6. INVESTMENTS

	Notes	GROUP 2020 R	GROUP 2019 R
Financial asset at fair value through profit or loss			
Investment in unlisted shares	6.1	**–**	107
Investment in joint ventures	6.2	**5 831 841**	24 563 182
Investment in associate entities	6.3	**121 896 884**	103 071 814
Financial asset at fair value through profit or loss			
Investment in listed shares	6.4	**8 133 695**	6 773 170

The group's exposure to credit and interest rate risk related to investments is disclosed in note 29.

6.1 Financial asset at fair value through other comprehensive income

	2020 R	2019 R
Investments at fair value		
Investment in unlisted shares	**–**	107

6.2 Investment in joint ventures

Name of entity	Principal activity	2020 R	2019 R
The Woodstock Hub (Pty) Limited	Property investments	**5 831 841**	9 428 116
The Vredenburg Property Trust*	Property investments	**–**	14 873 240
Tremtrust 1*	Property investments	**–**	261 826
		5 831 841	24 563 182

* These entities were 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

6. INVESTMENTS (continued)

6.2 Investment in joint ventures (continued)

	GROUP	
	2020 R	2019 R
The Woodstock Hub (Pty) Limited		
The investment represents a 50% (2019: 50%) interest and comprises:		
Shares at cost	**50**	50
Post-acquisition reserves	**5 831 791**	9 428 066
	5 831 841	9 428 116
The group has signed total sureties in favour of Nedbank Limited for an amount limited to R24 million (2019: R24 million) and Investec Limited for an amount limited to R46.8 million (2019: R46.8 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 (2019: R149 million).		
The Vredenburg Property Trust		
The investment represents a nil% (2019: 50%) interest and comprises:		
Cost at acquisition	**5 452 110**	5 452 110
Post-acquisition share of reserves	**13 929 952**	9 421 130
Disposal	**(19 382 062)**	–
	–	14 873 240
The group disposed of its investment in The Vredenburg Property Trust during the year. All loans were repaid and all sureties were released. In the prior year sureties in favour of Nedbank Limited amounted to R6.1 million in respect of the above investment and total borrowings of The Vredenburg Property Trust relating to the sureties amounted to R19.2 million.		
Tremtrust 1		
The investment represents a 50% (2019: 50%) interest on formation of the trust and comprises:		
Cost at acquisition	**–**	–
Post-acquisition reserves	**–**	261 826
	–	261 826
In the prior year the trust disposed of its investment property and distributed the profits to its beneficiaries.		

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	
	2020 R	2019 R
The Woodstock Hub (Pty) Limited		
Current assets (excluding cash and cash equivalents)	**355 702**	179 228
Cash and cash equivalents	**1 760 743**	2 353 545
Non-current assets	**210 536 371**	209 719 635
Total assets	**212 652 816**	212 252 408
Current liabilities	**50 736 186**	142 911 600
Non-current liabilities	**150 252 948**	50 484 576
Total liabilities	**200 989 134**	193 396 176
Revenue	**12 387 942**	12 222 683
Expenses	**(8 433 115)**	(7 707 874)
Finance costs	**(13 944 518)**	(15 440 947)
Loss before tax	**(9 989 691)**	(10 926 138)
Tax	**2 797 141**	1 214 768
Loss after tax	**(7 192 550)**	(9 711 370)
Share of loss for the year	**(3 596 275)**	(4 855 685)
Dividends received from joint venture	**–**	–
Net asset value	**11 663 682**	18 856 232
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	**11 663 682**	18 856 232
Proportion of the group's ownership in the joint venture	**50%**	50%
Carrying amount of the group's interest in the joint venture	**5 831 841**	9 428 116
The Vredenburg Property Trust		
Current assets	**–**	62 918
Cash and cash equivalents	**–**	788 317
Non-current assets	**–**	62 043 354
Total assets	**–**	62 894 589
Current liabilities	**–**	5 615 416
Non-current liabilities	**–**	27 532 691
Total liabilities	**–**	33 148 107
Revenue	**10 450 918**	9 506 082
Expenses	**(6 782 449)**	(6 169 392)
Fair value adjustment	**7 378 660**	2 588 075
Finance costs	**(2 029 486)**	(1 901 396)
Profit before tax	**9 017 643**	4 023 369
Tax	**–**	(608 303)
Profit after tax	**9 017 643**	3 415 066
Total comprehensive income	**9 017 643**	3 415 066
Share of profit for the year	**4 508 822**	1 707 533
Distributions received from joint venture	**–**	(3 540 756)
Net asset value	**–**	29 746 482
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
Proportion of the group's ownership in the joint venture	**nil%**	50%
Carrying amount of the group's interest in the joint venture	**–**	14 873 240

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for the year ended 31 August 2020 (continued)

6. INVESTMENTS (continued)

6.2 Investment in joint ventures (continued)

	GROUP 2020 R	GROUP 2019 R
Tremtrust 1		
Current assets	**1 378**	6 980
Cash and cash equivalents	**534 862**	4 881 042
Non-current assets	**–**	902 291
Total assets	**536 240**	5 790 313
Current liabilities	**536 240**	5 266 662
Total liabilities	**536 240**	5 266 662
Revenue	**–**	16 318 066
Expenses	**(538 972)**	(8 189 524)
Fair value adjustment	**–**	(6 916 319)
Interest received	**15 320**	67 132
Finance costs	**–**	(9 387 440)
Loss before tax	**(523 652)**	(8 108 085)
Tax	**–**	33 283 528
(Loss)/profit after tax	**(523 652)**	25 175 443
Total comprehensive (loss)/income	**(523 652)**	25 175 443
Share of (loss)/profit for the year	**(261 826)**	12 587 722
Distributions received from joint venture	**–**	(65 570 173)
Net asset value	**–**	523 651
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
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

6. INVESTMENTS (continued)

6.3 Investment in associate entities

Name of entity	Principal activity	GROUP 2020 R	GROUP 2019 R
Leopard ASK Intermediate Investco Limited*	Specialised property financing	**112 444 168**	92 821 294
ASK Partners Holdco Limited*	Specialised property financing	**7 447 250**	9 192 393
Buffshelf 70 Trust	Property investments	**49 310**	198 199
Yieldex Trading 2 (Pty) Limited	Property investments	**1 956 156**	859 928
		121 896 884	103 071 814

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

Buffshelf 70 Trust and Yiledex 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.

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's and ASK Partners Holdco Limited's reporting dates are 31 December which is in line with the controlling shareholder's reporting date.

	2020 R	2019 R
Leopard ASK Intermediate Investco Limited		
The investment represents a 40% (2019: 40%) interest and comprises:		
Cost	**67 649 200**	67 649 200
Foreign currency translation reserve	**26 057 158**	6 802 669
Post-acquisition share of reserves	**18 737 810**	18 369 424
	112 444 168	92 821 293
ASK Partners Holdco Limited		
The investment represents a 40% (2019: 40%) interest and comprises:		
Cost	**4 735 444**	4 735 444
Shares repurchased	**(4 566 240)**	–
Foreign currency translation reserve	**1 612 942**	173 231
Post-acquisition share of reserves	**5 665 104**	4 283 718
	7 447 250	9 192 393
Buffshelf 70 Trust		
The investment represents a 20% (2019: 20%) interest on formation of the trust and comprises:		
Cost at acquisition	**–**	–
Post-acquisition share of reserves	**49 310**	198 199
	49 310	198 199
Yieldex Trading 2 (Pty) Limited		
The investment represents a 30% (2019: 30%) interest and comprises:		
Cost at acquisition	**30**	30
Post-acquisition share of reserves	**1 956 126**	859 898
	1 956 156	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 2020 R	GROUP 2019 R
Leopard ASK Intermediate Investco Limited		
Current assets	**204 745 376**	154 371 769
Cash and cash equivalents	**39 171 147**	42 240 274
Total assets	**243 916 523**	196 612 043
Current liabilities	**131 472 338**	103 790 749
Total liabilities	**131 472 338**	103 790 749
Revenue	**17 637 632**	19 562 169
Expenses (excluding depreciation)	**(17 269 246)**	(9 066 007)
Profit before tax	**368 386**	10 496 162
Tax	**–**	–
Profit after tax	**368 386**	10 496 162
Other comprehensive income	**19 254 489**	3 409 320
Total comprehensive income	**19 622 875**	13 905 482
Share of profit for the year	**368 386**	10 661 620
Share of other comprehensive income	**19 254 489**	3 409 320
Dividends received from associate	**–**	–
Net asset value	**112 444 185**	92 821 294
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	**112 444 185**	92 821 294
Less amounts attributable to Trematon	**(67 649 200)**	(67 649 200)
	44 794 985	25 172 094
% ownership of associate	**40%**	40%
Proportion of the group's ownership in the associate	**17 917 994**	10 068 838
Add additional share of profits due	**26 876 991**	15 103 256
Add cost of investment	**67 649 200**	67 649 200
Carrying amount of the group's interest in the associate	**112 444 185**	92 821 294
Trematon Group has a 40% investment in Leopard ASK Intermediate Investco Limited, but a right to dividend distribution equal to 100% of the entity's profits. This is due to the controlling shareholder receiving their percentage by way of interest income.		
Summarised information in respect of associates that are not individually material:		
Aggregate share of profit for the year	**2 478 804**	5 869 729
Aggregate other comprehensive income	**–**	–
Aggregate total comprehensive income	**2 478 804**	5 869 729

6. INVESTMENTS (continued)

		GROUP	
		2020 R	2019 R
6.4	**Financial asset at fair value through profit or loss**		
	Listed investments		
	Nil (2019: 6 347 089) shares in Don Group Limited	**–**	380 825
	91 319 220 (2019: 91 319 220) shares in Freedom Property Fund Limited	**6 392 345**	6 392 345
	705 000 (2019: nil) shares in Redefine Properties Limited	**1 741 350**	–
		8 133 695	6 773 170
6.5	**Summary of profit/(loss) from equity accounted investments (net of tax)**		
	The Woodstock Hub (Pty) Limited	**(3 596 275)**	(4 855 685)
	The Vredenburg Property Trust	**4 508 822**	1 707 533
	Tremtrust 1	**(261 826)**	12 587 722
	Yieldex Trading 2 (Pty) Limited	**1 096 227**	859 899
	Leopard ASK Intermediate Investco Limited	**368 386**	10 661 620
	ASK Partners Holdco Limited	**1 381 386**	3 254 993
	Buffshelf 70 Trust	**1 191**	1 754 836
		3 497 911	25 970 918

7. LOANS TO GROUP COMPANIES

	COMPANY	
	2020 **R**	2019 R
Trematon Share Incentive Trust	**39 954 259**	39 954 259
Tremtrade (Pty) Limited	**198 005 969**	185 705 917
	237 960 228	225 660 176
Non-current assets	**189 476 587**	115 989 547
Current assets	**48 483 641**	109 670 629
	237 960 228	225 660 176

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. ECLs are limited to the 12-month ECLs only. ECLs for the 12-month period have been determined as below:

Trematon Share Incentive Trust
ECLs 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 value has remained stable over the years and a significant decrease is not anticipated based on budgets and forecasts.

Tremtrade
ECLs are limited to the 12-month ECLs. Credit losses on the outstanding capital and interest 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 ECL risk.

The company's exposure to credit risk is disclosed in note 29.

8. DEFERRED TAX

	GROUP	
	2020 R	2019 R
Deferred tax asset	**22 739 576**	15 147 454
Deferred tax liability	**(110 927 960)**	(116 687 637)
	(88 188 384)	(101 540 183)
Comprises:		
Deferred tax asset on fair value adjustments through profit and loss	**3 635 671**	3 204 814
Temporary differences arising from fair value adjustments on acquisition of subsidiary	**(2 780 984)**	(2 555 506)
Temporary difference on tax losses	**27 999 452**	21 649 020
Temporary differences arising from revaluation of property, plant and equipment	**(9 453 918)**	(9 453 918)
Temporary differences from fair value adjustments on investment properties	**(97 306 030)**	(101 844 238)
Temporary differences arising from operating lease assets	**(11 108 892)**	(9 710 188)
Temporary differences arising from accelerated allowances on property, plant and equipment	**(6 414 717)**	(5 216 157)
Temporary differences arising from income received in advance	**2 169 007**	2 907 235
Temporary differences arising from prepayments	**(1 447 090)**	(1 496 004)
Temporary differences arising from derivatives	**4 521 022**	–
Temporary differences arising from accrued expenses	**556 298**	974 759
Temporary differences arising from ECLs	**1 441 797**	–
	(88 188 384)	(101 540 183)
Reconciliation of deferred tax liability		
At the beginning of the year	**(101 540 183)**	(96 104 222)
Fair value adjustment through profit and loss	**430 857**	2 804 058
Fair value adjustments on acquisition of subsidiaries	**(225 478)**	235 255
Tax losses	**6 350 432**	4 682 650
Revaluation of property, plant and equipment	**–**	(658 077)
Fair value adjustments on investment properties	**4 538 208**	(6 497 027)
Operating lease assets	**(1 398 704)**	(4 072 896)
Accelerated allowances on property, plant and equipment	**(1 198 560)**	(1 046 683)
Fair value adjustment on income received in advance	**(738 228)**	416 458
Temporary differences arising from prepayments	**48 914**	(1 496 004)
Temporary differences arising from derivatives	**4 521 022**	–
Temporary differences arising from accrued expenses	**(418 461)**	196 305
Temporary differences arising from ECLs	**1 441 797**	–
	(88 188 384)	(101 540 183)

Deferred tax has been calculated at 22.4% (2019: 22.4%) on the fair value adjustments on investment properties.

A deferred tax asset amounting to R4.1 million (2019: R4 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.

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9. LOANS RECEIVABLE

	GROUP	
	2020 R	2019 R
Current portion		
Cloudberry Investments 18 (Pty) Limited	**–**	3 052 134
Buffshelfco 24 (Pty) Limited	**–**	6 646 817
	–	9 698 951
Long-term portion		
The Woodstock Hub (Pty) Limited	**25 002 242**	19 952 242
Tremtrust 1	**615 561**	2 615 561
The Vredenburg Property Trust	**–**	2 690 756
Epstein Family Investments (Pty) Limited	**16 647 391**	15 434 062
Glisan Street Investments (Pty) Limited	**1 591 356**	8 853 959
Yieldex Trading 2 (Pty) Limited	**7 582 703**	9 496 192
The Vondeling Family Trust	**1 256 019**	1 178 734
	52 695 272	60 221 506
	52 695 272	69 920 457
Analysis of Cloudberry Investments 18 (Pty) Limited loan		
Gross loan value	**–**	3 052 134
Provision for impairment	**–**	–
	–	3 052 134
Movement in the group's provision for ECLs as follows:		
Opening balance	**–**	9 788 489
Additional provision for impairment charged in profit or loss	**–**	10 246 919
Loan written off to recoverable amount	**–**	(20 035 408)
	–	–

The creation and release of provision for ECLs 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 loans bear interest at variable rates linked to prime. The loans have no repayment terms and are therefore considered to be repayable on demand.

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:

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, 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 balances 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 in West Coast Holiday Lifestyles (Pty) Limited. The net assets of West Coast Holiday Lifestyles 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 the company is first used to settle the outstanding interest and capital.

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 in the GenEd Group. The net asset value and intrinsic net asset value of the 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 credit quality of parents were all taken into account in this assessment. In terms of the shareholders' agreement any dividends declared by GenEd 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.

The company's exposure to credit risk is disclosed in note 29.

10. TRADE AND OTHER RECEIVABLES

	GROUP 2020 R	GROUP 2019 R
Trade accounts receivable	**15 830 946**	5 821 769
Loss allowance	**(5 084 787)**	–
Other receivables	**2 634 323**	914 249
Prepayments and deposits	**5 581 275**	6 429 238
VAT	**185 434**	1 765 322
	19 147 191	14 930 578
Categorisation of trade and other receivables		
At amortised cost	**13 380 482**	6 736 018
Non-financial instruments	**5 766 709**	8 194 560
	19 147 191	14 930 578

Credit quality

The group's exposure to credit risk is influenced mainly by 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 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 sector. 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 their 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 a minimum of one month of rental income before occupying the premises.
- Due to the long-term nature of educational services, the academic well-being of their children and the limited places available, this 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 is customer based, 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.

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 is disclosed in note 29.

11. INVENTORIES

	GROUP	
	2020 R	2019 R
Property and land for development	**33 265 497**	35 038 651
Residential – developed and undeveloped	**24 449 897**	26 223 050
Commercial – undeveloped	**8 815 600**	8 815 601
Residential developed units	**8 671 068**	10 476 869
Other	**144 711**	114 911
	42 081 276	45 630 431

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Bank balances	**160 273 541**	146 433 357	**3 908 896**	355 606
Current assets	**160 273 541**	146 433 357	**3 908 896**	355 606

The group has undrawn borrowing facilities of R25 million (2019: R65 million) with Nedbank Limited and R20 million (2019: Rnil) with Investec Bank Limited.

The credit ratings of individual banks were obtained and noted that the credit ratings were moved from Baa3 to Ba1 for the long-term local currency ratings of the banks. Risks on South African banks are considered negligible as all cash deposits are guaranteed by the SA Reserve Bank and banks are financially sound.

13. SHARE CAPITAL AND SHARE PREMIUM

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Authorised				
1 000 000 000 ordinary shares of 1 cent each	**10 000 000**	10 000 000	**10 000 000**	10 000 000
783 288 971 (2019: 781 029 443) 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				
216 711 029 (2019: 218 970 557) ordinary shares of 1 cent each	**2 167 111**	2 189 706	**2 167 111**	2 189 706
Share premium	**270 424 395**	288 106 450	**270 424 395**	288 106 450
	272 591 506	290 296 156	**272 591 506**	290 296 156

13. SHARE CAPITAL AND SHARE PREMIUM (continued)

	GROUP 2020	GROUP 2019
Treasury shares		
Number of treasury shares held at year-end	**664 539**	–
Net shares in issue		
Total shares in issue at year-end	**216 711 029**	218 970 557
Number of treasury shares held at year-end	**(664 539)**	–
Net shares in issue at year-end	**216 046 490**	218 970 557
Number of shares in issue (unrestricted)		
Balance at the beginning of the year	**216 144 326**	216 144 326
Treasury shares acquired	**(3 819 142)**	–
Ordinary shares issued	**895 075**	2 826 231
Restricted shares issued in terms of share scheme (note 14)	**(895 075)**	(2 826 231)
Balance at the end of the year (unrestricted)	**212 325 184**	216 144 326

Restricted shares are shares issued in terms of the share incentive scheme (refer to note 14) and remain restricted until certain conditions are met.

Included in the balance at year-end are 3 721 306 (2019: 2 826 231) restricted shares.

	GROUP 2020	GROUP 2019
Weighted number of shares		
Balance at the beginning of the year	**216 144 326**	216 144 326
Ordinary shares issued – weighted	**703 799**	843 998
Restricted shares issued in terms of share plan – weighted	**(703 799)**	(843 998)
Treasury shares acquired – weighted	**(2 094 463)**	–
Weighted average number of ordinary shares in issue during the year	**214 049 863**	216 144 326
Diluted weighted average number of shares		
Weighted average number of ordinary shares in issue during the year	**214 049 863**	216 144 326
Convertible debentures issued in prior years – weighted	**18 075 203**	18 075 203
Restricted shares issued in terms of share plan – weighted	**703 799**	843 998
Diluted weighted average number of shares at the end of the year	**232 828 865**	235 063 527

The treasury shares are held by Trematon Capital Investments Limited.

3 819 142 (2019: nil) treasury shares were purchased during the year. The weighted average price of the treasury shares purchased during the year was R2.45.

During the year 3 154 603 (2019: 43 871) treasury shares were cancelled and added to unissued ordinary shares.

14. SHARE-BASED PAYMENTS

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Share-based payment	**3 002 862**	4 374 588	**3 002 862**	4 374 588
Equity	**12 355 549**	11 769 389	**12 355 549**	11 769 389
Reconciliation of share-based payment reserve:				
Balance at the beginning of the year	**11 769 389**	15 681 195	**11 769 389**	15 681 195
Share-based payment expense for the year (recognised in profit/loss)	**3 002 862**	4 374 588	**3 002 862**	4 374 588
Settlement of share-based payment	**(2 416 703)**	(8 286 394)	**(2 416 703)**	(8 286 394)
Balance at the end of the year	**12 355 549**	11 769 389	**12 355 549**	11 769 389

No convertible debentures were converted to ordinary shares during the current and prior year.

14.1 Share incentive scheme

In the 2018 financial 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, has 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.

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

Participants:	Executive directors and selected employees
Date of grant:	19 November 2019
Number of shares granted:	895 075
Vesting period:	3 years
Price per share:	R2.70

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.

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14. SHARE-BASED PAYMENTS (continued)

14.1 Share incentive scheme (continued)

Restricted shares issued in terms of share incentive scheme

	Opening balance	Restricted shares issued	Closing balance	Exercise price per share issued during the year
2020				
AJ Shapiro	**1 060 590**	**325 494**	**1 386 084**	**R2.70**
A Groll	**681 811**	**209 226**	**891 037**	**R2.70**
AL Winkler	**609 389**	**202 284**	**811 673**	**R2.70**
Other employees	**474 441**	**158 071**	**632 512**	**R2.70**
	2 826 231	**895 075**	**3 721 306**	
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, has 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 year in terms of the original share option scheme. The share-based payment expense for the year was Rnil (2019: R0.6 million).

15. CONVERTIBLE DEBENTURES

	COMPANY 2020 R	COMPANY 2019 R
Debentures	**30 742 072**	30 819 670
Equity	**30 742 072**	30 742 072
Current liability	**–**	77 598
	30 742 072	30 819 670
Reconciliation of debentures:		
Balance at the beginning of the year	**30 819 670**	31 203 511
Unwinding of liability	**(77 598)**	(383 841)
Balance at the end of the year	**30 742 072**	30 819 670

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 are 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:

	2020 Number of debentures	2020 Price per debenture R	2019 Number of debentures	2019 Price per debenture R
Balance at the beginning of the year	**18 075 203**	**–**	18 075 203	–
Debentures issued during the year	**–**	**–**	–	–
Debentures converted during the year	**–**	**–**	–	–
Balance at the end of the year	**18 075 203**		18 075 203	

18 075 203 of the debentures are exercisable as at 31 August 2020 (2019: 16 630 203). The related weighted average exercise price is R2.21 per debenture (2019: R2.14).

There are no debentures that are outstanding and not exercisable as at 31 August 2020 (2019: 1 445 000).

15. CONVERTIBLE DEBENTURES (continued)

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

	Opening balance	Closing balance
2020		
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**
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

	Number of debentures	
	2020	2019
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	
	2020 R	2019 R
Comprises:		
Fair value gain on revaluation of property, plant and equipment	**42 806 999**	42 806 999
Tax effects on revaluation of property, plant and equipment	**(9 453 918)**	(9 453 918)
	33 353 081	33 353 081
Reconciliation of movement in fair value reserve		
At the beginning of the year	**33 353 081**	31 073 315
Fair value gain on revaluation of property, plant and equipment	**–**	3 832 166
Tax effects of fair value adjustments	**–**	(858 406)
Non-controlling interest share in reserve	**–**	(693 994)
	33 353 081	33 353 081

17. LOANS PAYABLE

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Current portion				
Standard Bank of South Africa Limited	**254 340 139**	–	**–**	–
Nedbank Limited	**7 657 850**	24 507 526	**7 657 850**	9 797 164
Investec Bank Limited	**2 233 178**	53 605 367	**–**	–
Other loan	**896 884**	816 884	**–**	–
	265 128 051	78 929 777	**7 657 850**	9 797 164
Long-term portion				
Standard Bank of South Africa Limited	**32 342 886**	258 603 963	**–**	–
Nedbank Limited	**735 200 141**	723 120 321	**65 832 040**	25 345 000
Investec Bank Limited	**111 135 976**	46 263 253	**–**	–
	878 679 003	1 027 987 537	**65 832 040**	25 345 000
	1 143 807 054	1 106 917 314	**73 489 890**	35 142 164

The amount owing to Standard Bank Limited includes 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 Nedbank Limited includes 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 includes 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 group has signed sureties in favour of Nedbank Limited. Trematon Capital Investment's exposure is limited to R529.8 million (2019: R475.1 million) in respect of the above loans.

The group has signed sureties in favour of Standard Bank Limited. Trematon Capital Investment's exposure is limited to R89 million (2019: R57 million) in respect of the above loan.

The group has signed sureties in favour of Investec Bank Limited. Trematon Capital Investment's exposure is limited to R145.6 million (2019: R179.6 million) in respect of the above loans.

It is management's intention to apply for extensions on ARIA's loans from Standard Bank which are included in the current portion and due to be settled in August 2021.

Subsequent to year-end, three-year extensions have been provisionally approved on loans from Nedbank. The extensions are in the process of being finalised with the bank.

The group's exposure to interest rate and liquidity risk is disclosed in note 29.

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

18. DERIVATIVES

	GROUP	
	2020 R	2019 R
Financial liabilities at fair value through profit or loss		
Interest rate swap agreements	16 146 507	–
	16 146 507	–
Non-current liabilities	14 954 196	–
Current liabilities	1 192 311	–
	16 146 507	–

The group has entered into interest rate swap agreements to convert a portion of the borrowings from floating to fixed interest rates. This is used to manage the interest rate risk profile of financial liabilities and to eliminate future exposure to interest rate fluctuations. The swap agreements are not linked to an underlying instrument but is rather used as an interest rate hedge.

The derivatives are Johannesburg Interbank Average Rate ("JIBAR") linked and the group benefits should the JIBAR increase. The group has no interest rate swaps or interest rate fixes linked directly to external party senior debt and 52% of the interest rate risk has been hedged by the group.

The total hedged value of the debt amounts to R590 million of which R230 million expires within the next financial year and R360 million expires between April 2022 and April 2024. The JIBAR fixed interest rates range between 4.4% and 7.6%.

The total mark-to-market value at year-end amounts to R16.1 million.

Refer to note 32 for detailed information on the fair valuation of derivatives.

19. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2020 R	2019 R	2020 R	2019 R
Trade payables	8 800 311	14 415 992	91 220	68 647
Deposits	13 049 802	8 737 845	–	–
Sundry creditors	12 574 971	15 195 098	–	–
VAT	1 541 287	1 295 684	–	–
Accruals	1 986 778	3 759 205	–	–
Income received in advance	7 483 005	10 560 681	–	–
Other payables	46 376 095	32 952 893	–	–
	91 812 249	86 917 398	91 220	68 647
Non-current liabilities	24 859 516	–	–	–
Current liabilities	66 952 733	86 917 398	91 220	68 647
	91 812 249	86 917 398	91 220	68 647
Categorisation of trade and other payables				
Financial instruments	80 801 179	71 301 828	91 220	68 647
Non-financial instruments	11 011 070	15 615 570	–	–
	91 812 249	86 917 398	91 220	68 647

Included in other payables are amounts owing in terms of profit share arrangements on three Western Cape-based properties held by ARIA, namely York Street Boulevard, Maynard Mall and Edgars Wynberg. The amount payable consists of accumulated profits and capital gains based on the third party's profit share percentage, which ranges between 15% and 33%. These arrangements are strategic to the group's activities.

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

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20. REVENUE

	GROUP		COMPANY	
	2020 R	2019 R	2020 R	2019 R
Revenue				
Rental income	259 808 067	262 340 236	–	–
Sale of property and land	6 670 285	21 395 309	–	–
Administration fee income	1 492 560	2 325 524	–	–
School and registration fees	79 980 900	64 745 802	–	–
Other school income	6 539 329	6 192 996	–	–
Commission received	4 426 234	7 333 221	–	–
Services and other revenue	5 937 288	9 342 339	–	–
	364 854 663	373 675 427	–	–
Investment revenue				
Dividend income – listed investments	–	–	95 359	2 303
– subsidiaries	–	–	–	4 437 371
Interest received – joint ventures	–	468 898	–	–
– associates	786 511	829 401	–	–
– subsidiaries	–	–	8 853 807	6 308 334
– bank	7 874 929	8 535 860	42 716	123 050
– other	1 729 447	2 770 246	–	–
	10 390 887	12 604 405	8 991 882	10 871 058
	375 245 550	386 279 832	8 991 882	10 871 058
Revenue per segment				
Property investments	287 010 690	311 901 638	–	–
Education	86 520 229	71 777 602	–	–
Corporate and other revenue	1 714 631	2 600 592	8 991 882	10 871 058
	375 245 550	386 279 832	8 991 882	10 871 058
Timing of revenue recognition				
At a point in time	23 573 136	46 589 389	–	–
Over time	81 473 460	64 745 802	–	–
Straight-line basis	259 808 067	262 340 236	–	–
	364 854 663	373 675 427	–	–

Refer to note 31.1 for the financial category disclosure of investment revenue.

21. OPERATING PROFIT/LOSS

	GROUP		COMPANY	
	2020 R	2019 R	2020 R	2019 R
Operating profit/loss is stated after accounting for the following:				
Other income				
Sundry income	2 080 246	2 429 847	–	–
Other operating expenses				
Depreciation	(8 567 831)	(7 108 516)	–	–
Municipal expenses	(69 948 014)	(72 508 767)	–	–

22. FINANCE COSTS

	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
Loans payable	98 071 073	106 909 645	5 667 318	2 631 042
Other loans	8 476	1 606 584	3 108 891	3 293 451
	98 079 549	108 516 229	8 776 209	5 924 493

Refer to note 31.1 for the financial category disclosure of finance costs.

23. INCOME TAX EXPENSE

	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
South African normal tax				
Current tax – current year	17 866 684	21 876 183	–	–
– prior year	–	3 113	–	–
Deferred tax				
Deferred tax – temporary differences	(13 120 006)	4 035 200	–	–
	4 746 678	25 914 496	–	–

	%	%	%	%
Reconciliation of effective tax rate:				
Statutory tax rate	28.0	28.0	28.0	28.0
Profit from equity accounted investments – exempt	(51.0)	(11.9)	–	–
Other tax-exempt income	(5.4)	(1.0)	–	–
Trust distributions – non-deductible	32.7	28.0	–	–
Other non-deductible expenses*	72.2	9.6	–	–
Capital gains tax**	140.2	(6.4)	–	–
Tax losses	7.9	(3.8)	(28.0)	(28.0)
Effective tax rate	224.6	42.5	–	–

* Includes the share-based payment expense and expenses of a capital nature.
** The current year includes the gain on disposal of The Vredenburg Property Trust.

24. EARNINGS AND NET ASSET VALUE PER SHARE

	GROUP	
	2020 Cents	2019 Cents
Net asset value per share	**416**	411
Basic earnings per share	**(2.0)**	10.2
Diluted earnings per share	**(2.0)**	9.4

The calculation of net asset value per share is based on 216 046 490 net ordinary shares in issue at year-end (2019: 218 970 557) and a total equity attributable to ordinary shareholders of R898 794 959 (2019: R900 738 727).

The calculation of basic earnings per share is based on the weighted average number of 214 049 863 ordinary shares in issue during the year (2019: 216 144 326) and a loss attributable to ordinary shareholders of R4 182 415 (2019: profit of R22 134 409).

The calculation of diluted earnings per share is based on the diluted weighted average number of 214 049 863 ordinary shares in issue during the year (2019: 235 063 527) and a loss attributable to ordinary shareholders of R4 182 415 (2019: profit of R22 134 409). The debentures and restricted shares were not taken into account in the calculation of diluted weighted average number of shares as the effect was anti-dilutive.

25. HEADLINE EARNINGS PER SHARE

	GROUP			
	2020		2019	
	Gross R	**Net R**	Gross R	Net R
(Loss)/profit attributable to equity holders of the parent		**(4 182 415)**		22 134 409
Fair value adjustment on investment properties	**7 711 864**	**3 023 874**	(35 815 865)	(19 112 580)
Fair value adjustments within equity accounted profits	**(3 689 330)**	**(1 717 752)**	1 575 077	733 356
Realised loss on sale of joint venture	**–**	**–**	2 624 255	2 624 255
Realised profit on sale of non-current assets	**(7 722 013)**	**(4 089 512)**	(4 320 973)	(2 083 208)
Headline (loss)/earnings		**(6 965 805)**		4 296 232

	GROUP	
	2020 Cents	2019 Cents
Headline (loss)/earnings per share	**(3.3)**	2.0
Diluted headline (loss)/earnings per share	**(3.3)**	1.8

The calculation of headline earnings per share is based on the weighted average number of 214 049 863 ordinary shares in issue during the year (2019: 216 144 326).

The calculation of diluted headline earnings per share is based on the diluted weighted average number of 214 049 863 ordinary shares in issue during the year (2019: 235 063 527). The debentures and restricted shares were not taken into account in the calculation of diluted weighted average number of shares as the effect was anti-dilutive.

26. REMUNERATION

	Fees for services R	Basic salary R	Taxable benefits R	Bonuses R	Share-based payment* R	Total R
2020						
Executive directors						
AJ Shapiro	**–**	**2 973 600**	**23 290**	**–**	**1 122 315**	**4 119 205**
A Groll	**–**	**1 911 420**	**21 550**	**–**	**742 969**	**2 675 939**
AL Winkler	**–**	**1 848 000**	**16 393**	**–**	**636 899**	**2 501 292**
Non-executive directors						
R Lockhart-Ross	**488 416**	**–**	**–**	**–**	**–**	**488 416**
K Getz	**211 680**	**–**	**–**	**–**	**–**	**211 680**
JP Fisher	**244 760**	**–**	**–**	**–**	**–**	**244 760**
AM Louw	**253 580**	**–**	**–**	**–**	**–**	**253 580**
R Stumpf	**220 500**	**–**	**–**	**–**	**–**	**220 500**
Total	**1 418 936**	**6 733 020**	**61 233**	**–**	**2 502 183**	**10 715 372**
Paid by subsidiaries	**1 418 936**	**6 733 020**	**61 233**	**–**	**2 502 183**	**10 715 372**

	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

* Share-based payments relate to shares issued in terms of the share incentive scheme which are spread over the vesting period of three years.
** Resigned January 2019
*** Appointed December 2018

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27. CASH UTILISED IN OPERATIONS

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Profit/(loss) before income tax	**2 113 237**	60 976 141	**(3 983 806)**	(417 964)
Adjusted for:				
Depreciation	**8 567 831**	7 108 516	**–**	–
Equity accounted earnings of associates and joint ventures	**(3 497 911)**	(25 970 918)	**–**	–
Other income	**–**	–	**–**	(4 437 371)
Dividend income	**–**	–	**(95 359)**	(2 303)
Finance income	**(10 390 887)**	(12 604 405)	**(8 896 523)**	(6 431 384)
Finance costs	**98 079 549**	108 516 229	**8 776 209**	5 924 493
Fair value adjustment on investment properties	**7 711 864**	(35 815 865)	**–**	–
Fair value adjustment on financial assets at fair value through profit and loss	**1 295 001**	–	**–**	–
Fair value adjustment on financial liabilities at fair value through profit and loss	**16 146 507**	–	**–**	–
Foreign exchange gains	**(1 557 236)**	–	**–**	–
Realised loss on financial assets at fair value through profit and loss	**243 775**	2 048 224	**–**	–
Realised loss on sale of joint venture	**–**	2 624 255	**–**	–
Profit on disposal of non-current assets	**(7 722 013)**	(4 320 973)	**–**	–
Impairment of loan	**–**	10 246 919	**–**	–
Share-based payment expense	**3 002 862**	4 374 588	**3 002 862**	4 374 588
Straight-line adjustment against investment properties	**(6 244 215)**	(13 162 233)	**–**	–
Capitalised fees and charges (note 27.1)	**648 824**	1 120 183	**–**	–
Expenses settled by group company	**–**	–	**1 188 848**	984 204
Changes in working capital:				
(Increase)/decrease in trade and other receivables	**(4 216 613)**	4 475 287	**–**	–
Decrease in inventory	**3 549 155**	5 146 984	**–**	–
Increase in trade and other payables	**4 894 851**	24 279 907	**22 573**	13 572
	112 624 581	139 042 839	**14 804**	7 835

27.1 Loans payable reconciliation

	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
Opening balance	**1 106 917 314**	1 112 034 414	**35 142 164**	9 796 015
Cash receipts	**72 160 832**	45 880 592	**–**	–
Cash payments	**(1 606 232)**	(4 424 565)	**–**	–
Non-cash flows				
Direct settlement of liabilities as a result of disposal of properties	**(46 390 047)**	(54 520 360)	**–**	–
Direct advances of liabilities as a result of property additions	**12 076 363**	6 827 050	**–**	–
Capitalised fees and charges	**648 824**	1 120 183	**494 500**	–
Loans consolidated (settled)	**–**	(21 330 379)	**–**	–
Loans consolidated (advanced)	**–**	21 330 379	**–**	–
Capital amount advanced to subsidiary	**–**	–	**39 997 000**	25 346 149
Capital amount settled by subsidiary	**–**	–	**(2 143 774)**	–
Closing balance	**1 143 807 054**	1 106 917 314	**73 489 890**	35 142 164

28. TAXATION PAID

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Balance at the beginning of the year	**307 644**	(62 369)	**–**	–
Current tax charge	**(17 866 684)**	(21 879 296)	**–**	–
Balance at the end of the year	**(328 244)**	(307 644)	**–**	–
	(17 887 284)	(22 249 309)	**–**	–

29. FINANCIAL INSTRUMENTS

29.1 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	
	2020 R	2019 R	**2020 R**	2019 R
Carrying amount				
Loans receivable	**52 695 272**	69 920 457	**–**	–
Trade and other receivables	**13 380 482**	6 736 018	**–**	–
Cash and cash equivalents	**160 273 541**	146 433 357	**3 908 896**	355 606
Investment in listed shares	**8 133 695**	6 773 170	**–**	–
Investment in unlisted shares	**–**	107	**–**	–
Loans to group companies	**–**	–	**237 960 228**	225 660 176
Guarantees	**83 021 295**	76 950 000	**764 439 070**	711 754 000
	317 504 285	306 813 109	**1 006 308 194**	937 769 782

29. FINANCIAL INSTRUMENTS (continued)

29.2 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
GROUP				
Non-derivative financial liabilities				
2020				
Loans payable	**1 143 807 054**	**1 288 675 813**	**390 175 019**	**898 500 794**
Trade and other payables	**80 801 179**	**80 801 179**	**55 941 663**	**24 859 516**
	1 224 608 233	**1 369 476 992**	**446 116 682**	**923 360 310**
Guarantees*	**–**	**83 021 295**	**83 021 295**	**–**
	1 224 608 233	**1 452 498 287**	**529 137 977**	**923 360 310**
Derivative financial liabilities				
Interest rate swap agreements	**16 146 507**	**16 146 507**	**1 192 311**	**14 954 196**
	16 146 507	**16 146 507**	**1 192 311**	**14 954 196**
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

The debt payable within one year will be funded by a combination of operations and the renegotiation of loan terms.

* 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				
2020				
Trade and other payables	**91 220**	**91 220**	**91 220**	**–**
Loan payable	**73 489 890**	**79 685 778**	**12 599 273**	**67 086 505**
Guarantees*	**–**	**764 439 070**	**764 439 070**	**–**
	73 581 110	**844 216 068**	**777 129 563**	**67 086 505**
2019				
Trade and other payables	68 647	68 647	68 647	–
Loan payable	35 142 165	41 691 036	13 135 669	28 555 367
Convertible debentures	77 598	77 598	77 598	–
Guarantees*	–	711 754 000	711 754 000	–
	35 288 410	753 591 281	725 035 914	28 555 367

* 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.

29. FINANCIAL INSTRUMENTS (continued)

29.3 Market risk

29.3.1 Interest rate risk

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				
2020				
Assets				
Loans receivable	Variable rate	**–**	**52 695 272**	**52 695 272**
Trade and other receivables	Variable rate	**13 380 482**	**–**	**13 380 482**
Cash and cash equivalents	Variable rate	**160 273 541**	**–**	**160 273 541**
		173 654 023	**52 695 272**	**226 349 295**
Liabilities				
Loans payable	Variable rate	**265 128 051**	**878 679 003**	**1 143 807 054**
Derivatives	Variable rate	**1 192 311**	**14 954 196**	**16 146 507**
Trade and other payables	Interest free	**55 941 663**	**24 859 516**	**80 801 179**
		322 262 025	**918 492 715**	**1 240 754 740**
2019				
Assets				
Loans receivable	Interest free	9 698 951	–	9 698 951
Loans receivable	Variable rate	–	60 221 506	60 221 506
Trade 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

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for the year ended 31 August 2020 (continued)

29. FINANCIAL INSTRUMENTS (continued)

29.3 Market risk (continued)

29.3.1 Interest rate risk (continued)

COMPANY	Interest rate %	Carrying amount Year 1 R	2 – 5 years R	Total R
2020				
Assets				
Cash and cash equivalents	Variable rate	**3 908 896**	**–**	**3 908 896**
Loans to group companies	Interest free	**40 825 791**	**83 690 288**	**124 516 079**
Loans to group companies	Variable rate	**7 657 850**	**105 786 299**	**113 444 149**
		52 392 537	**189 476 587**	**241 869 124**
Liabilities				
Trade and other payables	Interest free	**91 220**	**–**	**91 220**
Loan payable	Variable rate	**7 657 850**	**65 832 040**	**73 489 890**
		7 749 070	**65 832 040**	**73 581 110**
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

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 2019.

	GROUP 2020 R	GROUP 2019 R	COMPANY 2020 R	COMPANY 2019 R
Variable rate instruments	**(6 721 951)**	(6 433 390)	**315 815**	289 672

29.3.2 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 2019.

	GROUP 2020 R	GROUP 2019 R
Listed shares – fair value through profit and loss	**585 626**	487 668

30. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

30.1 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			
2020			
Loans receivable	**52 695 272**	**–**	**52 695 272**
Trade and other receivables	**13 380 482**	**–**	**13 380 482**
Cash and cash equivalents	**160 273 541**	**–**	**160 273 541**
Listed investments	**–**	**8 133 695**	**8 133 695**
	226 349 295	**8 133 695**	**234 482 990**
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
COMPANY			
2020			
Loans to group companies	**237 960 228**	**–**	**237 960 228**
Cash and cash equivalents	**3 908 896**	**–**	**3 908 896**
	241 869 124	**–**	**241 869 124**
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

30. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY (continued)

30.2 Financial liabilities 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			
2020			
Loans payable	**1 143 807 054**	**–**	**1 143 807 054**
Derivatives	**–**	**16 146 507**	**16 146 507**
Trade and other payables	**55 941 663**	**24 859 516**	**80 801 179**
	1 199 748 717	**41 006 023**	**1 240 754 740**
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
COMPANY			
2020			
Loan payable	**73 489 890**	**–**	**73 489 890**
Trade and other payables	**91 220**	**–**	**91 220**
	73 581 110	**–**	**73 581 110**
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

31. NET GAINS OR LOSSES ON FINANCIAL ASSETS AND LIABILITIES

31.1 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					
2020					
Financial assets at fair value	**–**	**(1 295 001)**	**–**	**(243 775)**	**–**
Financial assets at amortised cost	**10 390 887**	**–**	**–**	**–**	**(5 084 787)**
	10 390 887	**(1 295 001)**	**–**	**(243 775)**	**(5 084 787)**
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)
COMPANY					
2020					
Financial assets at fair value	**–**	**–**	**95 359**	**–**	**–**
Financial assets at amortised cost	**8 896 523**	**–**	**–**	**–**	**–**
	8 896 523	**–**	**95 359**	**–**	**–**
2019					
Financial assets at fair value	–	–	2 303	–	–
Financial assets at amortised cost	6 431 384	–	–	–	–
	6 431 384	–	2 303	–	–

31.2 Financial liabilities

	Interest expense R	Fair value adjustments through profit and loss (mandatory) R
GROUP		
2020		
Financial liabilities at amortised cost	**98 079 549**	**–**
Financial liabilities at fair value	**–**	**16 146 507**
	98 079 549	**16 146 507**
2019		
Financial liabilities at amortised cost	108 516 229	–
COMPANY		
2020		
Financial liabilities at amortised cost	**8 776 209**	**–**
2019		
Financial liabilities at amortised cost	5 924 493	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2020 (continued)

32. 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				
2020				
Assets				
Listed investments at fair value through profit and loss	**8 133 695**	**–**	**–**	**8 133 695**
	8 133 695	**–**	**–**	**8 133 695**
Liabilities				
Profit sharing arrangements at fair value through profit and loss	**–**	**–**	**24 859 516**	**24 859 516**
Derivatives at fair value through profit and loss	**–**	**16 146 507**	**–**	**16 146 507**
	–	**16 146 507**	**24 859 516**	**41 006 023**
2019				
Assets				
Unlisted investments at fair value through profit and loss	–	–	107	107
Listed investments at fair value through profit and loss	6 773 170	–	–	6 773 170
	6 773 170	–	107	6 773 277

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

Fair value measurement of derivatives

The valuation of interest rate swaps uses observable market data and requires management judgement and estimation. The availability of observable market prices and model inputs reduces the need for management judgement and estimation, and also reduces uncertainty associated with the determination of fair values. The fair value of interest rate swaps is determined by the bank using a valuation technique that maximises the use of observable market inputs. Interest rate swaps are valued by discounting future cash flows using risk-free rates and yield curves derived from quoted rates.

32. FAIR VALUE MEASUREMENT (continued)

Fair value measurement of profit-sharing arrangements

The fair value of the amount payable in terms of the profit-sharing arrangements are determined with reference to the proportionate share (due in terms of the profit-sharing agreement) in the fair value of the underlying investment properties.

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 are estimated using either an income approach which capitalises the estimated rental income stream, net of projected operating costs or the market approach which uses prices and other relevant information generated by market transactions involving identical or comparable assets.

At the reporting date the key assumptions and unobservable inputs used by the group in determining the fair values were the following:

		Significant unobservable inputs and range of estimates used		
Description	**Valuation technique**	**Capitalisation rate %**	**Vacancy rate %**	**Rands per sqm**
2020				
Retail	Income approach	**9.0 – 9.8**	**0.0 – 2.5**	**N/A**
Commercial	Income approach and market approach	**8.6 – 10.0**	**0.0 – 5.0**	**2 500 – 8 500**
Industrial	Income approach	**9.0 – 12.8**	**0.0 – 10.0**	**N/A**
Residential	Market approach	**N/A**	**N/A**	**3 816 – 17 765**
Schools	Market approach	**N/A**	**N/A**	**8 916 – 21 572**
2019				
Retail	Income approach	8.4 – 12.0	0.0 – 5.0	N/A
Commercial	Income approach and market approach	9.0 – 10.0	0.0 – 5.0	2 500 – 10 000
Industrial	Income approach	9.3 – 10.8	0.0 – 10.0	N/A
Residential	Market approach	N/A	N/A	3 801 – 17 765
Schools	Market approach	N/A	N/A	13 089 – 16 017

Sensitivity analysis

The valuations of the investment properties and buildings held at fair value are sensitive to changes in the unobservable inputs used in such valuations. Changes to one of the unobservable inputs, while holding the other inputs constant would have the following effects on the fair values and fair value adjustment in profit or loss:

		GROUP	
Input	Change %	**2020 R**	2019 R
Increase in capitalisation rate	0.5	**(67 548 746)**	(71 935 900)
Decrease in capitalisation rate	0.5	**75 184 521**	80 160 908
Increase in vacancy rate	2.0	**(27 794 749)**	(21 495 049)
Decrease in vacancy rate	2.0	**18 518 013**	27 834 915
Increase in Rands per sqm	10.0	**49 056 681**	36 367 652
Decrease in Rands per sqm	10.0	**(49 056 681)**	(36 367 652)

32. FAIR VALUE MEASUREMENT (continued)

The following table reflects the levels within the hierarchy of non-financial assets measured at fair value at 31 August 2020:

GROUP	Level 3 R
2020	
Assets	
Investment property	**1 548 182 775**
Property, plant and equipment	**292 897 034**
Non-current assets held-for-sale	**91 411 180**
	1 932 490 989
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

33. 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
2020					
Revenue	287 010 690	86 520 229	–	1 714 631	375 245 550
Revenue – at a point in time	17 033 807	6 539 329	–	–	23 573 136
Revenue – over time	1 492 560	79 980 900	–	–	81 473 460
Revenue – straight-line basis	259 808 067	–	–	–	259 808 067
Profit from equity accounted investments	1 748 139	–	1 749 772	–	3 497 911
Fair value adjustments on investment properties	(7 711 864)	–	–	–	(7 711 864)
Realised loss on sale of held-for-trading investments	(243 775)	–	–	–	(243 775)
Interest expense	(91 877 380)	(6 202 169)	–	–	(98 079 549)
Depreciation	(1 860 973)	(6 706 858)	–	–	(8 567 831)
Staff costs	(31 137 401)	(50 344 958)	–	–	(81 482 359)
Net income before tax	14 382 157	(3 055 008)	1 749 772	(10 963 684)	2 113 237
Taxation	(8 663 458)	2 797 209	–	1 119 571	(4 746 678)
Net income for the year	5 718 699	(257 799)	1 749 772	(9 844 113)	(2 633 441)
Other comprehensive income	–	–	20 694 200	–	20 694 200
Total assets	1 856 081 835	324 819 622	119 891 418	88 329 881	2 389 122 756
Non-current assets held-for-sale	91 411 180	–	–	–	91 411 180
Total liabilities	1 239 898 301	122 066 844	–	1 337 136	1 363 302 281
Non-controlling interest	127 771 841	(746 325)	–	–	127 025 516
Net asset value	488 411 693	203 499 103	119 891 418	86 992 745	898 794 959
Equity accounted investments	7 837 307	–	119 891 418	–	127 728 725
Non-current assets*	1 577 865 411	293 996 910	119 891 418	–	1 991 753 739
Additions to non-current assets	17 263 204	81 451 718	–	–	98 714 922

* 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	157 596 992	–	–	–	157 596 992
Aria Property Group	184 366 087	–	–	–	184 366 087
Resi Investment Group	141 264 603	–	–	–	141 264 603
Generation Education	–	378 078 497	–	–	378 078 497
ASK Partners	–	–	117 328 699	–	117 328 699
Other	–	–	–	33 649 422	33 649 422
Cash	–	–	–	109 264 345	109 264 345
Intrinsic net asset value	483 227 682	378 078 497	117 328 699	142 913 767	1 121 548 645

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33. SEGMENTAL INFORMATION (continued)

	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	39 557 589	7 031 800	–	–	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 on 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	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	–	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

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.

33. 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 dividend income 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, education, corporate and other 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 32.
- Listed investments – IFRS carrying value (level 1), included at fair value as disclosed in note 32.
- 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-earnings ratio.

The significant input used in the valuations as at 31 August 2020 was:

- The price-earnings ratio applied to the investments was 15 (2019: 12) with the weighted average being 15 (2019: 12).
- The weighted average cost of capital applied to the investments was 13.5% (2019: nil%) with the weighted average being 13.5% (2019: nil%).

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 2020 was:

The range of the price per square metre applied to the property are between R280 and R14 524 (2019: R280 and R14 451) with the weighted average being R5 047 (2019: R5 632).

34. MINIMUM LEASE PAYMENTS RECEIVABLE

	GROUP	
	2020 R	2019 R
Receivable within one year	**161 715 591**	173 508 151
Receivable within two to five years	**374 730 810**	443 265 358
Receivable beyond five years	**119 087 254**	130 027 666
	655 533 655	746 801 175

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

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

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for the year ended 31 August 2020 (continued)

35. LEASE COMMITMENTS

Before year-end, GenEd, an 87%-held subsidiary of Trematon entered into a 15-year lease agreement to occupy the Reddam House campus in Somerset West. The lease commencement date is 1 January 2021 and the campus will be completely rebranded as a Generation school. GenEd is entitled to cancel the lease after four years subject to certain conditions. Total commitments for the first four years amount to R20.7 million. Thereafter, the rental payable will escalate based on the lower of revenue growth or CPI plus 2%.

36. RELATED PARTIES

	GROUP	
	2020 R	2019 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
Profits from equity accounted joint ventures	**650 721**	9 439 570
Profit from equity accounted associate	**2 847 190**	16 531 349
Interest received from associates	**786 511**	829 401
Interest received from joint ventures	**–**	468 898
Administration fees received from associate	**300 000**	77 727
Administration fees received from joint ventures	**960 000**	1 511 390

Directors' emoluments – refer to note 26.

	COMPANY	
	2020 R	2019 R
Interest from subsidiaries	**8 853 807**	6 308 334

37. CAPITAL DISTRIBUTIONS

	GROUP		COMPANY	
	2020 R	2019 R	**2020 R**	2019 R
Capital distribution	**12 092 610**	11 349 880	**12 092 610**	11 349 880

	Cents	Cents
The company has paid the following cash distributions per share to shareholders:		
Capital distribution paid (per share)	**5.50**	5.25
The company has proposed the following cash distributions per share to shareholders:		
Capital distribution proposed (per share)	**7.50**	5.50

38. SUBSEQUENT EVENTS

The impact of Covid-19 has been considered after year-end and there has been no further material impact on the group's profit and loss and statement of financial position after year-end. The group continues to monitor the impact of the pandemic and on date of signing the impact is not considered to be material.

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

39. 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, including specific consideration of the risk associated with Covid-19.

Covid-19 impact

The outbreak of the Covid-19 pandemic which resulted in a nationwide lockdown in March 2020 has had a significant impact on the world and South African economy. The group was not an essential service provider, however all its businesses continued operating during the lockdown with staff working from home. The group had the financial resources available to provide relief, however the possibility of future relief and the financial impact is uncertain and cannot be quantified at this stage as the country is still in level 1 lockdown. There were no staff retrenchments as a result of Covid-19.

The group has treated the impact of the Covid-19 pandemic as an adjusting event and other than as summarised below, there were no significant adjustments to the group's annual financial statements for the year ended 31 August 2020. The group is continuing to monitor the impact of the pandemic and there are no material adjustments to the results post year-end.

The financial impact of Covid-19 is summarised below:

- increase in loss allowance, mainly in the subsidiary ARIA, amounting to R5.1 million. As a percentage of total debtors in the subsidiary the allowance is 49% at year-end as compared to no allowance in the prior year. Other loss allowances are insignificant;
- no material bad debts or provision for expected credit losses in the current year, other than as mentioned above;
- increase in capitalisation rates used for the valuation of investment properties which is disclosed in note 32;
- reduction in rental income due to concessions given to tenants in the form of rental discounts amounting to R2.1 million and rental deferrals amounting to R0.7 million;
- reduction in education income due to relief given to parents in the form of discounts on school fees for a limited period amounting to R0.4 million;
- commission and conference rental income decreased as a result of Club Mykonos Rental Services (Pty) Limited being closed for five months of the financial year due to lockdown (R6.8 million total decrease in revenue from 2019 to 2020). The costs decreased by R6.5 million from 2019 to 2020, therefore the operating loss was not significant. Operations recommenced again on 4 September 2020;
- there was no impairment of investments and loans receivable as a result of Covid-19;
- fair value adjustments to investment properties resulted in a decrease of R7.7 million during the year. The fair value decrease is mainly as a result of Covid-19 which has resulted in vacancies and reductions in market rentals as well as changes in capitalisation rates used in valuing the properties; and
- the decrease in the prime overdraft rate resulted in fair value losses on interest rate swaps amounting to R16.1 million within ARIA.

ANALYSIS OF SHAREHOLDERS

Register date: 31 August 2020 Issued share capital: 216 711 029 shares

	Number of shareholders	%	Number of shares	%
Shareholder spread				
1 – 1 000 shares	337	35.03	114 786	0.05
1 001 – 10 000 shares	339	35.24	1 476 621	0.68
10 001 – 100 000 shares	209	21.73	6 185 888	2.85
100 001 – 1 000 000 shares	54	5.61	19 875 940	9.17
1 000 001 shares and over	23	2.39	189 057 794	87.24
Total	962	100.00	216 711 029	100.00
Distribution of shareholders				
Banks/Brokers	4	0.42	2 421 695	1.12
Close Corporations	9	0.94	640 192	0.30
Endowment Funds	4	0.42	2 528 287	1.17
Individuals	814	84.62	20 634 037	9.52
Mutual Funds	8	0.83	13 912 513	6.42
Other Corporations	4	0.42	361 588	0.17
Own holdings/treasury stock	1	0.10	664 539	0.31
Private Companies	44	4.57	43 147 685	19.91
Trusts	74	7.68	132 400 493	61.10
Total	962	100.00	216 711 029	100.00
Public/Non-public shareholders				
Non-public shareholders	17	1.77	137 735 010	63.56
Directors and associates of the company	15	1.57	70 963 311	32.75
Own holding/treasury stock	1	0.10	664 539	0.31
Holding more than 10% (excluding directors and associates of the company)	1	0.10	66 107 160	30.50
Public shareholders	945	98.23	78 976 019	36.44
Total	962	100.00	216 711 029	100.00
Registered shareholders holding 3% or more				
The Suikerbos Trust			66 107 160	30.50
The Armchair Trust			47 550 000	21.94
Buff-Shares (Pty) Limited			19 019 808	8.78
The Salvete Trust			9 350 243	4.31
Marr Holdings (Pty) Limited			8 978 872	4.14
Total			151 006 083	69.67

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 OF ANNUAL GENERAL MEETING

for the year ended 31 August 2020

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 ENTIRELY BY ELECTRONIC COMMUNICATION ON WEDNESDAY, 27 JANUARY 2021, 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	Monday, 30 November 2020
Record date to determine which shareholders are entitled to receive the notice of AGM	Friday, 20 November 2020
Last day to trade in order to be eligible to attend and vote at the AGM	Tuesday, 19 January 2021
Record date to determine which shareholders are entitled to attend and vote at the AGM	Friday, 22 January 2021
Forms of proxy to be lodged at transfer secretaries by 10:00 on	Monday, 25 January 2021
AGM of the company to be held at 10:00 on	Wednesday, 27 January 2021
Results of the AGM announced on SENS	Wednesday, 27 January 2021

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.

Trematon appointed The Meeting Specialist Proprietary Limited ("TMS") to remotely host the AGM on an interactive electronic platform, in order to facilitate remote participation and voting by shareholders. TMS will also act as scrutineers.

The reason for the holding of the AGM by way of electronic communication is as a result of the Covid-19 virus outbreak and the resultant health distancing, legal restrictions and official advice on gatherings and movement.

Kindly note that, in terms of section 63(1) of the Companies Act, AGM participants (including proxies) will be required to provide identification to the reasonable satisfaction of the chairman if they are not known to the chairman before being entitled to participate in or vote at the AGM as more fully detailed in this notice. Forms of identification that will be accepted include certified copies of valid identity documents, driver's licences and passports. If in doubt as to whether any document will be regarded as satisfactory proof of identification, AGM participants should contact the transfer secretaries for guidance.

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 2020, 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 44 to 116 of the Integrated Annual Report ("report").

SECTION A – ORDINARY RESOLUTIONS

To consider and, if deemed fit, pass, the undermentioned ordinary resolutions numbers 1 to 6 with or without modification.

In order to be adopted:

- ordinary resolutions numbers 1, 2, 3, 4 and 6 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 5 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 directors who, in terms of the company's MOI, retire by rotation at the AGM, but, being eligible, offer themselves for re-election.

1.1 Mr AM Louw; and

1.2 Mr R Stumpf."

Brief biographies of the aforementioned non-executive directors are included on page 10 of the report in which this notice is incorporated.

2. Ordinary resolution number 2: 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 appoint Marc Edelberg, 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."

NOTICE OF ANNUAL GENERAL MEETING

for the year ended 31 August 2020 (continued)

3. Ordinary resolution number 3: 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:

3.1 subject to the adoption of ordinary resolution number 1.1, Mr AM Louw;

3.2 Mr R Lockhart-Ross*; and

3.3 Mr JP Fisher."

Brief biographies of the aforementioned directors are included on page 10 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 3.1 to 3.3 constitute separate ordinary resolutions and will be considered by separate votes.

4.1 Ordinary resolution number 4.1: 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 pages 34 and 35 of the report."

4.2 Ordinary resolution number 4.2: 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 35 of the report."

Ordinary resolutions numbered 4.1 and 4.2 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 ("King IV™"), 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 4.1 and 4.2 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 27 January 2021, to those shareholders who voted against the applicable resolution to engage with the company at a meeting scheduled for this purpose.

5. Ordinary resolution number 5: 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 AGM, provided it shall not extend beyond 15 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 65 013 309 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% of the weighted average traded price on the JSE of those shares over the 30 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.

6. Ordinary resolution number 6 – 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 5, 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.

7. Special resolution number 1: Specific authority to amend Trematon's MOI

To authorise the amendment of Trematon's MOI as follows:

7.1 By the insertion of the following clause 1.10 and sub-clauses 1.10.1 to 1.10.4 to clause 1 – "Interpretation" of Trematon's MOI:

"1.10 For the purposes of clause 30 or elsewhere in this MOI, any reference (unless the context otherwise indicates) to:

1.10.1 'Deliver' means deliver in the manner in which the Company is entitled to give notice or deliver documents in accordance with clause 30 of this MOI or the Act and 'Delivery', 'Delivering' and 'Delivered' shall have a corresponding meaning.

1.10.2 'Electronic Address' means in regard to Electronic Communication, any e-mail address furnished to the Company by a Shareholder or any other permissible person for the purposes of receiving notices and communications in terms of the Act or this MOI.

1.10.3 'Electronic Communication' has the meaning set out in section 1 of the Electronics Communications and Transactions Act, No. 25 of 2002 (as amended or replaced from time to time).

1.10.4 'Writing' includes Electronic Communication (in a manner and form permitted in terms of the Act) but as regards any Shareholder entitled to vote, only to the extent that such Shareholder has notified the Company of an Electronic Address, and 'Written' shall have a corresponding meaning."

7.2 By the insertion of the following clauses 16.14 and 16.15 in clause 16 – "Shareholders' resolutions and meetings" of Trematon's MOI:

"16.14 A Shareholders' Meeting or a Directors' meeting may be conducted entirely by Electronic Communication, and provision may be made for participation in a Shareholders' Meeting or Directors' meeting by Electronic Communication so long as the Electronic Communication employed complies with the requirements of the Act and the JSE Listings Requirements.

16.15 Notwithstanding the provisions of clause 16.4 of this MOI, but subject, if applicable, to the JSE Listings Requirements, the Act or any other provisions of this MOI, the following resolutions may be proposed as written resolutions in accordance with section 60 of the Act:

16.15.1 change of name;

16.15.2 odd-lot offers;

16.15.3 increase in authorised share capital;

16.15.4 approval of amendments to this MOI; and

16.15.5 any other resolutions as permitted by the JSE Listings Requirements from time to time."

7.3 By the insertion of the following clauses 30.3 to 30.11 in clause 30 – 'Notices' of Trematon's MOI:

"30.3 The Company may give personal Delivery of notices, documents, records or statements or notice of the availability of the aforegoing (collectively 'Notices') to Shareholders by sending Notices to them via prepaid post or by transmitting same to them by fax or Electronic Communication or via any other method permissible under the Act. The Company must give notice of any Shareholders' Meeting to each such person entitled to vote at such meeting who has elected to receive such notice other than proxies. Notices must be Delivered by the Company to a Shareholder either to his last known address or last known Electronic Address.

30.4 Any Shareholder who has furnished an Electronic Address to the Company, by doing so –

30.4.1 authorises the Company to use Electronic Communication to Deliver Notices (or of availability of Notices) to him; and

30.4.2 confirms that same can conveniently be printed by the Shareholder within a reasonable time and at a reasonable cost.

30.5 A Shareholder or person entitled to Equity Securities (or his executor) shall be bound by all Notices in respect of the Equity Securities Delivered to the Person who was, at the date on which that Notice was Delivered, shown in the Securities Register or established to the satisfaction of the Directors (as the case may be) as the holder of or person entitled to the Equity Securities, notwithstanding that the holder or person entitled to Equity Securities may then have been dead or may subsequently have died or have been or become otherwise incapable of acting in respect of the Equity Securities, and notwithstanding any transfer of the Equity Securities was not registered at that date. The Company shall not be bound to enter any person in the Securities Register as entitled to any Equity Securities until that person gives the Company an address for entry on the Securities Register.

30.6 If joint holders are registered in respect of any Equity Securities or if more than 1 (one) person is entitled to Equity Securities, all Notices shall be Delivered to the person named first in the Register in respect of the Equity Securities, and Notices so Delivered shall be sufficient notice to all the holders of or persons entitled to or otherwise interested in the Equity Securities.

30.7 Subject to the Act, the Company shall not be bound to use any method of giving Notices (including notices of availability of the aforegoing) contemplated in the Regulations in respect of which provision is made for deemed delivery, but if the Company does use such a method, the Notices (or notice of availability of the aforegoing) shall be deemed to be delivered on the date and time determined in accordance with Table CR3 of the Regulations.

30.8 As regards signature of an Electronic Communication by a Shareholder, it shall be in such form as the Directors may specify to demonstrate that the Electronic Communication is genuine, or failing any such specification by the Directors, the Directors shall be entitled to assume by virtue of the Shareholder responding by way of Electronic Communication, that it is the Shareholder's intention to use the Electronic Communication as the medium to indicate the Shareholder's approval of the information in, or the Shareholder's signature of the document in or attached to, the Electronic Communication which contains the names of the Shareholder sending it in the body of the Electronic Communication.

30.9 If, and for as long as, any Equity Securities of the Company are listed on the JSE, Notices to Shareholders shall, to the extent required, also be served on the JSE in any permitted manner.

30.10 Every person who, by operation of law, transfer or other means whatsoever becomes entitled to any Equity Security, shall be bound by every notice in respect of such Security which, prior to his name and address being entered on the Securities Register, would have been given to the person from whom he derives his title to such Security.

30.11 The Company shall not be held liable in any manner whatsoever for any Notices (or notice of the availability of the aforegoing) Delivered or deemed to have been Delivered to the incorrect address, including (without limitation) any e-mail address, where such address has been furnished to the Company by any Shareholder and the risk in all such Delivery shall lie with the Shareholder in question."

Explanatory note

The reason for this special resolution is, and the effect thereof will be, to amend and align Trematon's MOI with the JSE Listings Requirements and the Act, as amended and to grant the directors of the company the authority to communicate with its shareholders by means of electronic communication and to pass written resolutions where appropriate.

8. Special resolution number 2: 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 3: 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 4: 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 AGM, 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 Listings 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 hat 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; and

(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 4 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.

NOTICE OF ANNUAL GENERAL MEETING
for the year ended 31 August 2020 (continued)

Directors' responsibility statement
The directors, whose names are given on pages 10 and 11 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 to pages 10 and 11)

Directors' interests in the company's shares (refer to pags 50 and 51)

11. Special resolution number 5: The authority to pay non-executive directors' fees
"That the non-executive directors' (whose further details and designations are set out on page 10 of the report) fees paid for the period ended 31 August 2020, as set out on page 99 of the report, be and are hereby approved.

Further, that the non-executive directors' fees payable for the period from 1 September 2020 until 31 August 2021 be and are hereby approved:

Name	2021	2020
JP Fisher	220 000	211 680
K Getz	220 000	211 680
R Lockhart-Ross	480 000	463 050
AM Louw	220 000	211 680
R Stumpf	220 000	211 680

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

Audit committee (per meeting)	R16 875 (2020: R16 540)
Remuneration committee (per meeting)	R9 000 (2020: R8 820)
Social and ethics committee (per meeting)	R9 000 (2020: R8 820)

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 AGM

Entitlement to attend and vote at the AGM 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 Listings 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. In light of the Covid-19 virus outbreak, it is requested that proxy forms be forwarded so as to reach the transfer secretaries by no later than 10:00 on Monday, 25 January 2021, so as to assist the company to timeously verify the identity of the shareholders and their proxies who wish to participate by electronic communication at the AGM. Proxy forms may be presented at any time prior to or at the AGM, but not later than 08:00 on the day of the meeting in accordance with the instructions therein, by e-mailing those proxy forms to the TMS at proxy@tmsmeetings.co.za.

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, 20 November 2020 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, 22 January 2021. Accordingly, only shareholders who are registered in the register of members of the company on Friday, 22 January 2021 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 driver's 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 AGM includes the attached proxy form.

Electronic participation

Shareholders who wish to electronically participate in and/or vote at the AGM are required to complete the Electronic Participation Application Form available on page 127 and e-mail same to TMS at proxy@tmsmeetings.co.za and contact them on +27 11 520 7950/1/2 as soon as possible, but in any event no later than 10:00 on 25 January 2021. Shareholders are strongly encouraged to submit votes by proxy before the meeting. If shareholders wish to participate in the AGM, they should instruct their CSDP or broker to issue them with the necessary letter of representation to participate in the AGM, in the manner stipulated in their custody agreement. These instructions must be provided to the CSDP or broker by the cut-off time and date advised by the CSDP or broker, to accommodate such requests.

TMS will assist shareholders with the requirements for electronic participation in, and/or voting at the AGM. TMS is further obliged to validate (in correspondence with Trematon and, in particular, the transfer secretaries, and shareholders' CSDPs) each such shareholder's entitlement to participate in and/or vote at the AGM, before providing it with the necessary means to access the AGM and/or the associated voting platform.

Shareholders will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of Trematon and/or TMS. Trematon or TMS cannot be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevents any such shareholder from participating in and/or voting at the AGM.

Shareholders are reminded that they are still able to vote normally through proxy submission, despite deciding to participate either electronically or not at all in the AGM. Shareholders are strongly encouraged to submit votes by proxy in advance of the AGM to the transfer secretaries – Link Market Services, 13th Floor Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) South Africa, e-mail: meetfax@linkmarketservices.co.za or facsimile: 086 674 2450 by no later than 10:00 on Monday, 25 January 2021.

Kindly ensure that TMS is copied when submitting all completed proxy forms and/or letters of representation to the transfer secretaries.

Please forward all relevant information to the below-mentioned:

The Meeting Specialist Proprietary Limited
JSE Building
One Exchange Square
2 Gwen Lane
Sandown
South Africa
2196

Attention: Michael Wenner, Farhana Adam or Izzy van Schoor
Tel: +27 11 520 7950/1/2
E-mail: michael.wenner@tmsmeetings.co.za
E-mail: farhana.adam@tmsmeetings.co.za
E-mail: izzy.vanschoor@tmsmeetings.co.za
E-mail: proxy@tmsmeetings.co.za

As required in terms of section 63(1) of the Companies Act, before any person may attend or participate in the AGM, that person must present reasonably satisfactory identification and the presiding person at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. So as to comply with this verification procedure set out in section 63(1) of the Companies Act, shareholders wishing to participate electronically in the AGM are required to deliver written notice to TMS by e-mail to proxy@tmsmeetings.co.za by no later than 10:00 on Monday, 25 January 2021 that they wish to participate via electronic communication at the AGM (the electronic notice). For the electronic participation to be valid, it must contain:

- if the shareholder is an individual, a certified copy of his original identity document and/or passport and/or driver's licence;
- if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
- a valid e-mail address and/or mobile telephone number (the contact e-mail address/number).

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
30 November 2020

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, 27 January 2021 (the "AGM").

Other shareholders must give their voting instructions to their CSDP or broker (see note 8).

Each shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (who need not be a shareholder of the company) to attend, participate in, speak and vote in place of that shareholder at the AGM, 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 AGM;
- 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 AGM.

Please also note that section 63(1) of the Act requires that persons wishing to participate in the AGM (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 AGM as my/our proxy to vote for me/us and on my/our behalf at the AGM of the company to be held on 27 January 2021 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 AM Louw				
Ordinary resolution number 1.2 – Re-election of R Stumpf				
Ordinary resolution number 2 – Re-appointment of the independent auditor and appointment of designated auditor				
Ordinary resolution number 3 – Appointment of the audit and risk committee				
Ordinary resolution number 3.1 – Election of AM Louw				
Ordinary resolution number 3.2 – Election of R Lockhart-Ross				
Ordinary resolution number 3.3 – Election of JP Fisher				
Ordinary resolution number 4.1 –Endorsement of remuneration policy				
Ordinary resolution number 4.2 – Implementation of remuneration policy				
Ordinary resolution number 5 – General authority to issue securities for cash				
Ordinary resolution number 6 – Directors to implement resolutions				
Section B				
Special resolution number 1– Specific authority to amend Trematon's MOI				
Special resolution number 2 – Financial assistance for subscription of securities				
Special resolution number 3 – Financial assistance				
Special resolution number 4 – General authority to repurchase shares				
Special resolution number 5 – 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 AGM of the shareholders of the company to be held on Wednesday, 27 January 2021 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 AGM". The person whose name appears first on the form of proxy and who is present at the AGM 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 AGM 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 AGM 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, 2001 (PO Box 4844, Johannesburg, 2000) by not later than 10:00 on Monday, 25 January 2021, or if not so received by 10:00 on Monday, 25 January 2021, by e-mailing it to the TMS at proxy@tmsmeetings.co.za at any time before the commencement of the AGM but not later than 08:00 on the day of the AGM.

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 AGM 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 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 by electronic participation, 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.

ELECTRONIC PARTICIPATION APPLICATION 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")

Name and surname of shareholder ______________________________

Name and surname of shareholder representative ______________________________
(If applicable)

ID number ______________________________

E-mail address ______________________________

Cell number ______________________________

Telephone number ______________________________

Name of CSDP or broker ______________________________
(If shares are held in dematerialised format)

SCA number or broker account number ______________________________

Number of shares ______________________________

Signature ______________________________

Date ______________________________

TERMS AND CONDITIONS FOR PARTICIPATION AT THE TREMATON AGM VIA ELECTRONIC COMMUNICATION

1. The cost of dialling in using a telecommunication line/webcast/web-streaming to participate in the AGM is for the expense of the Participant and will be billed separately by the Participant's own telephone service provider.
2. The Participant acknowledges that the telecommunication lines/webcast/web-streaming are provided by a third party and indemnifies Trematon and TMS against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines/webcast/web-streaming, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that he/she will have no claim against Trematon and TMS, whether for consequential damages or otherwise, arising from the use of the telecommunication lines/webcast/web-streaming or any defect in it or from total or partial failure of the telecommunication lines/webcast/web-streaming and connections linking the telecommunication lines/webcast/web-streaming to the AGM.
3. Participants will be able to vote during the AGM through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the AGM, must act in accordance with the requirements set out above.
4. Once the Participant has received the link, the onus to safeguard this information remains with the Participant.
5. The application will only be deemed successful if the Electronic Participation Application Form has been completed and fully signed by the Participant and e-mailed to TMS at proxy@tmsmeetings.co.za.

Shareholder name ______________________________

Signature ______________________________

Date ______________________________

NOTES TO THE ELECTRONIC PARTICIPATION APPICATION

1. Shareholders or their proxies who wish to participate in the AGM via electronic communication ("Participants"), must deliver the Electronic Participation Application Form below to TMS via e-mail to proxy@tmsmeetings.co.za.

2. Participants will be able to vote during the AGM through an electronic participation platform. Such Participants, should they wish to have their vote(s) counted at the AGM, must provide TMS with the information requested below.

3. Each shareholder, who has complied with the requirements below, will be contacted between Monday, 25 January 2021 and Tuesday, 26 January 2021 via e-mail/mobile with a unique link to allow them to participate in the virtual meeting.

4. The cost of the Participant's phone call or data usage will be at his/her own expense and will be billed separately by his/her own telephone service provider.

5. The cut-off time, for administrative purposes, to participate in the meeting will be 10:00 on Monday, 25 January 2021.

6. The Participant's unique link will be forwarded to the e-mail/cell number provided in the Electronic Participation Application Form.

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)
K Getz (Non-executive Director)
A Groll (Executive Director)
JP Fisher (Independent 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)
R Lockhart-Ross
R Stumpf

SOCIAL AND ETHICS COMMITTEE
K Getz (Chairman)
JP Fisher
AJ Shapiro

INVESTMENT COMMITTEE
R Lockhart-Ross (Chairman)
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

GROUNDPEPPER

TREMATON

Capital Investments Limited