FINANCIAL RESULTS

Freedom Property Fund Limited and its subsidiaries
Incorporated in the Republic of South Africa
(Registration number 2012/129186/06)
Share code: FDP
ISIN: ZAE000185260
("Freedom" or "the Group" or "the Company")

The board of directors ("the Board") of the Company is pleased to present the audited annual financial results for the year ended 28 February 2017.

SUMMARISED AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 28 FEBRUARY 2017

SIGNIFICANT RESULTS COMPARED TO THE PREVIOUS CORRESPONDING PERIOD ENDED 29 FEBRUARY 2016

- Basic loss per share decreased from 1,56 cents to earnings of 1,01 cents;
- Headline loss per share decreased from 2,00 cents to 0,98 cents;
- Net asset value per share decreased from 10,17 cents per share (restated) to 9,85 cents per share;
- Shares in issue increased from 1, 178, 729, 030 to 1, 204, 429, 031 shares
- Revenue decreased by 36% from R38, 474 million to R24, 579 million
- Net loss after tax decreased from R16, 654 million (loss) to a profit of R12, 095 million;
- Total assets decreased from R340, 883 million to R338, 260 million.

FINANCIAL OVERVIEW

Group Financial Performance

As previously advised, the new Board has taken a comprehensive review of all business strategies and operational processes and procedures, and resolved to implement a process of consolidation and restructuring.

Revenues

Total revenue of R24, 579 million, is lower than the revenue of R38, 474 million reported for the corresponding year ended 29 February 2016. The primary reason for the decrease in revenue relates to sales of development properties (stock of serviced stands) decreasing.

Headline Earnings

For the year ended 28 February 2017, Freedom reported a headline and diluted headline loss of R0, 098 compared to a headline loss and diluted loss of R0, 02 in the previous financial year.

Borrowings

Freedom had previously secured facilities with Nedbank Limited ("Nedbank"). The balance on these loans as at 28 February 2017 was R82, 293 million. (2016 – R89, 128 million).

The guaranteed share obligations with some of the vendors were renegotiated and they were either issued further shares or received cash and further loans. The balance of these loans at 28 February 2017 was R45, 673 million (2016 - R45, 178 million).

Corporate governance

The Board remains committed to the principles of the Code of Corporate Practices and Conduct as set out in King IV. The Board acknowledges its responsibility in ensuring that the Group acts with integrity and fairness. As such, it is continually monitoring and investigating methods of improving systems and controls in order to ensure that stakeholder opportunities are maximised.

Auditors
The summarised consolidated results of the Group for the year ended 28 February 2017 have been audited by the Group's auditors, Moore Cape Town Inc. and their qualified audit report is available for inspection at the Group's registered office and the company's website. An extract from the audit report is as follows:

"Except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Freedom Property Fund as at 28 February 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa.

Basis for Qualified Opinion on consolidated Financial Statements and Unqualified Opinion on the Separate Financial Statements

"The company acquired Ligitprops 184 (Pty) Ltd on 1 March 2014. The consolidated financial statements are materially misstated as we were unable to obtain sufficient appropriate audit evidence on the values of certain of the subsidiary's material assets and liabilities at the acquisition date. Consequently, we were unable to determine whether any adjustments to these amounts were necessary. This matter also affects the 28 February 2017 consolidated Statement of Comprehensive Income as we are unable to obtain sufficient appropriate audit evidence on the profit on disposal of investment in subsidiary on 31 May 2016. There is no effect on the separate financial statements".

Statement of Financial Position as at 28 February 2017	Group	
	2017	**2016**
	R '000	**R '000**
Assets		
Non-Current Assets		
Investment properties at fair value	211 926	187 307
Operating lease asset	4 699	4 671
Investment properties	216 625	191 978
Plant and equipment	2 109	1 572
Intangible assets	21	59
	218 755	**193 609**
Current Assets		
Inventories	6 546	12 235
Trade and other receivables	34 788	27 816
Other financial assets	1 522	-
Operating lease asset	1 826	921
Current tax receivable	617	4 338
Cash and cash equivalents	1 415	2 875
	46 714	**48 185**
Non-current assets classified as held for sale	**72 791**	**99 089**
Total Assets	**338 260**	**340 883**
Equity and Liabilities		
Equity		
Stated capital	446 701	443 237
Treasury shares	(11 802)	(6 086)
Share-based payment reserve	-	3 464
Accumulated loss	(312 643)	(324 738)
	122 256	**115 877**
Liabilities		
Non-Current Liabilities		
Loans from shareholders	45 673	45 178
Other financial liabilities	73 592	82 283
Deferred tax	33 982	30 479
	153 247	**15 794**
Current Liabilities		
Other financial liabilities	12 282	6 900
Current tax payable	12 789	12 798
Trade and other payables	26 961	37 478
Provisions	1 264	-
Bank overdraft	9 461	9 890
	62 757	**67 066**
Total Liabilities	**216 004**	**225 006**
Total Equity and Liabilities	**338 260**	**340 883**

	Group

Statement of Comprehensive Income for the year ended 28 February 2017		
	2017	**2016**
	R '000	**R '000**
Revenue	24 579	38 474
Cost of sales	(2 564)	(9 938)
Gross profit	**22 015**	**28 536**
Other operating profits	15 651	5 843
Other operating gains (losses)	26 098	(3 838)
Penalty on forfeit	-	(5 628)
Commission paid	(425)	(2 462)
Other operating expenses	(40 391)	(57 268)
Operating profit (loss)	**22 948**	**(34 817)**
Investment income	987	2 856
Finance costs	(14 067)	(12 858)
Fair value gains on investment properties	23 938	10 347
Fair value losses on non-current assets held for sale	(16 715)	-
Gain on guaranteed share obligations	-	20 543
Profit (loss) before taxation	**17 091**	**(13 929)**
Taxation	(4 996)	(2 725)
Total comprehensive income (loss) for the year	**12 095**	**(16 654)**
Earnings (loss) per share		
Basic and diluted (cents)	1.01	(1.56)

Statement of Changes in Equity for the year ended 28 February 2017

Group	Stated capital	Treasury shares	Total stated capital	Share-based payment reserve	Accumulated loss	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000
Balance at 01 March 2015	**421 943**	**(48)**	**421 895**	**-**	**(314 398)**	**107 497**
Loss for the year	-	-	-	-	(16 654)	(16 654)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**(16 654)**	**(16 654)**
Issue of shares	21 294	-	21 294	-	-	21 294
Issue of treasury shares	-	70	70	-	-	70
Fair value loss on issue of treasury shares	-	183	183	-	-	183
Guaranteed share obligation	-	-	-	3 464	-	3 464
Recovery of unauthorised shares	-	(6 314)	(6 314)	-	6 314	-
Fair value loss on recovery of unauthorised shares	-	23	23	-	-	23
Total contributions by and distributions to owners of group recognised directly in equity	**21 294**	**(6 038)**	**15 256**	**3 464**	**6 314**	**25 034**
Balance at 01 March 2016	**443 237**	**(6 086)**	**437 151**	**3 464**	**(324 738)**	**115 877**
Profit for the year	-	-	-	-	12 095	12 095
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit for the year	**-**	**-**	**-**	**-**	**12 095**	**12 095**
Issue of shares	-	(5 716)	(5 716)	-	-	(5 716)
Transfer between reserves	3 464	-	3 464	(3 464)	-	-
Total contributions by owners of company recognised directly in equity	**3 464**	**(5 716)**	**(2 252)**	**(3 464)**	**-**	**(5 716)**
Balance at 28 February 2017	**446 701**	**(11 802)**	**434 899**	**-**	**(312 643)**	**122 256**

Statement of Cash Flows for the year ended 28 February 2017	Group	
	2017	**2016**
	R '000	**R '000**
Cash flows from operating activities		
Cash generated from (used in) operations	9 033	(4 843)
Interest income	980	2 856
Finance costs	(12 519)	(11 579)
Tax paid	(138)	(1 463)
Net cash used in operating activities	**(2 644)**	**(15 029)**
Cash flows from investing activities		
Purchase of plant and equipment	(497)	(754)
Proceeds on disposal of plant and equipment	5	22
Purchase of investment properties	(899)	(28 381)
Proceeds on disposal of investment properties	2 400	50 854
Purchase of intangible assets	-	(7)
Proceeds on disposal of subsidiary	7 500	-
Other financial assets advanced	(61)	
Net cash generated from (used in) investing activities	**8 448**	**21 734**
Cash flows from financing activities		
Net movement on treasury shares	-	85
Proceeds from other financial liabilities	(6 835)	3 749
Repayment of shareholders loan	-	(10 000)
Net cash (used in) generated from financing activities	**(6 835)**	**(6 166)**
Total cash movement for the year	(1 031)	539
Cash at the beginning of the year	(7 015)	(7 554)
Total cash at end of the year	**(8 046)**	**(7 015)**

Segment Reporting

The Group has identified two reportable segments which represent the structure used by the Executive Committee to make key operating decisions and assess performance.

The two reportable segments are:

- Property rental income - Leasing of industrial parks and residential units, with residential units being a small portion
- Development property sales - Sale of stands and undeveloped land

2017											
	Gross profit			Separately disclosable items							
	Revenue	Cost of sales	Gross profit	Profit (loss) before tax	Commission paid	Profit on disposal of subsidiaries	Investment income	Finance costs	Fair value gain (loss) on investment properties	Fair value gain (loss) on non-current assets held for sale	Taxation
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	20 628	-	20 628	37 839	-	-	373	(8 877)	23 987	900	(8 225)
Property sales	3 702	(2 564)	1 138	489	(305)	-	581	(7)	(49)	-	49
All other segments	249	-	249	(21 237)	(120)	26 508	33	(5 183)	-	(17 615)	3 180
Total	**24 579**	**(2 564)**	**22 015**	**17 091**	**(425)**	**26 508**	**987**	**(14 067)**	**23 938**	**(16 715)**	**(4 996)**

2016											
	Gross profit			Separately disclosable items							
	Revenue	Cost of sales	Gross profit	Profit (loss) before tax	Commission paid	Penalty on forfeit	Investment income	Finance costs	Fair value gain (loss) on investment properties	Gain on guaranteed share obligation	Taxation
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	23 847	-	23 847	8 840	(1 522)	-	-	(9 055)	9 668	-	(2 171)
Property sales	14 627	(9 938)	4 689	2 209	(940)	-	2 782	(1)	-	-	982
All other segments	-	-	-	(24 978)	-	(5 628)	74	(3 802)	679	20 543	(1 536)
Total	**38 474**	**(9 938)**	**28 536**	**(13 929)**	**(2 462)**	**(5 628)**	**2 856**	**(12 858)**	**10 347**	**20 543**	**(2 725)**

Segment assets and liabilities

The amounts provided to the Exco with respect to total assets and liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment. Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts. The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position.

	2017					
	Investment properties	Operating lease asset	Investments properties classified as held for sale	Inventories	Total segment assets	Total segment liabilities
	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	210 675	6 525	6 100	-	227 455	125 474
Property sales	1 251	-	-	6 546	11 203	8 621
All other segments	-	-	66 691	-	99 602	81 909
Total	**211 926**	**6 525**	**72 791**	**6 546**	**338 260**	**216 004**

	2016					
	Investment properties	Operating lease asset	Investments properties classified as held for sale	Inventories	Total segment assets	Total segment liabilities
	R'000	R'000	R'000	R'000	R'000	R'000
Rental income	186 007	5 592	5 200	-	199 194	117 973
Property sales	1 300	-	-	12 235	25 122	22 094
All other segments	-	-	93 889	-	116 567	84 939
Total	**187 307**	**5 592**	**99 089**	**12 235**	**340 883**	**225 006**

COMMENTARY

BASIS OF PREPARATION

The summarised audited consolidated annual financial statements for the year ended 28 February 2017 ("summarised results"), have been prepared in accordance with IAS 34: Interim Financial Reporting, the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements issued by the Financial Reporting Standards Council. The results comply with the JSE Listings Requirements and the Companies Act, 71 of 2008, of South Africa (Companies Act).

These Summarised Results have been extracted from audited information, but are not themselves audited. The audited annual financial statements and the qualified audit report provided by Moore Cape Town Inc. on the audited results are available for inspection at the Company's registered office. The directors take full responsibility for the preparation of this report and that the financial information has been correctly extracted from the underlying annual financial statements.

The financial results were prepared under the supervision of the Interim Chief Financial Officer, Jonathan George CA (SA).

ACCOUNTING POLICIES

The accounting policies applied in the preparation of these summarised consolidated annual financial results are in terms of IFRS and are consistent with those prepared in prior periods.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. Earnings (loss) per share

Basic earnings (loss) per share is based on the loss below and a weighted average number of ordinary shares of 1,200,145,698 (2016: 1,066,111,650).

Diluted earnings (loss) per share is equal to earnings (loss) per share because there are no dilutive potential ordinary shares in issue.

Basic headline loss and diluted headline loss are determined by adjusting basic earnings (loss) and diluted earnings (loss) by excluding separately identifiable re-measurement items. Basic headline loss and diluted headline loss are presented after tax.

Earnings (loss) per share	2017 Cents	2016 Cents
Basic and diluted earnings (loss) per share	1.01	(1.56)
Basic and diluted headline loss per share	(0.98)	(2.00)

Reconciliation between earnings (loss) and headline loss	2017 Gross R'000	2017 Net R'000	2016 Gross R'000	2016 Net R'000

Profit (loss) for the year attributable to equity holders of the parent		12 095		(16 654)
Adjusted for:				
Fair value gains on investment properties	(23 938)	(17 235)	(10 347)	(7 450)
Fair value losses on non-current assets held for sale	16 715	12 035	-	-
(Profit) loss on disposal of assets	(26 098)	(18 679)	3 838	2 763
Basic and diluted headline loss	**(33 321)**	**(11 784)**	**(6 509)**	**(21 341)**

2. Related Parties

Related party balances as at 28 February 2017 and 29 February 2016:

Amounts (gross) included in trade and other receivables regarding related parties	**2017 R'000**	**2016 R'000**
Freesteel Proprietary Limited	3 861	5 756
All Wide Properties Proprietary Limited	4 718	4 718
NT Govender	257	257
Booktrogoloon 223 Proprietary Limited	-	30
Hot Dip Galvanising Proprietary Limited	-	1 165
	8 836	**11 926**

Provision for impairment of amounts receivable from related parties		
Freesteel Proprietary Limited	(756)	(5 756)
All Wide Properties Proprietary Limited	(4 718)	(4 718)
NT Govender	(257)	(257)
	(5 731)	**(10 731)**

Amounts included in trade and other payables regarding related parties		
Freedom Rock Proprietary Limited	1 000	1 022
Weskus Aftree Oord Beleggings Proprietary Limited	7 000	7 000
Booktrogoloon 223 Proprietary Limited	-	32
	8 000	**8 054**

Related party transactions for the years ended 28 February 2017 and 29 February 2016

Interest paid to related party		
C la Grange/Christo la Grange Familie Trust	2894	2079

Interest received from related party		
Freesteel Proprietary Limited	305	-

Unwinding of discount on related party guaranteed share obligation		
C la Grange/Christo la Grange Familie Trust	-	1134

Rental income and recoveries received from related party		
Freesteel Proprietary Limited - Rental income	-	3350
Freesteel Proprietary Limited - Rental recoveries	-	2

Consulting and professional fees paid to related parties		
HA Lambrechts/Huganel Trust	-	50
WC Jansen van Rensburg	-	842
Nyamelzela Trust	-	390
Booktrogoloon 223 Proprietary Limited	-	30
G Stavridis/Freedom Property Fund Business Development Proprietary Limited	-	3 410
G Erasmus/Freedom Property Fund Development Managers Proprietary Limited	-	563
	-	**5 285**

Legal fees paid to related party		
Van Rensburg Attorneys	-	348

Recoveries from related party		
Freesteel Proprietary Limited	2 200	-

Provisions (reversed) raised for impairment of trade and other receivables		
Freesteel Proprietary Limited	(5 000)	5 756
All Wide Properties Proprietary Limited	-	4 718
	(5 000)	**10 474**

Development costs paid to related parties		
Freesteel Proprietary Limited	-	10 841
Van Rensburg Attorneys	-	120
	-	**10 961**

Commission paid to related party		
WC Jansen van Rensburg	-	52

Compensation to other key management		
Salaries, bonuses and other benefits	-	474
Share-based compensation expense	-	47
	-	**521**

3. Shareholder loans

Dr. I Botha

The loan bears interest at the prime interest rate and is repayable in three annual instalments, with the first payment due in August 2017.

The loan is secured by:
A covering mortgage bond of R35,000,000 in favour of - SADC Infrastructure Consulting Proprietary Limited, plus an additional R3,500,000 to cover interest claimable from Zambesa Investments Proprietary Limited and other expenses, over the property described as Erf 5973 Burgersfort, Extension 40 Township, Limpop Province. Interest on all amounts secured in terms of aforementioned bonds will be charged at the prime interest rate.

Christo la Grange Familie Trust

The loan bears interest at the repo rate. A minimum payment of R200,000 per month is required, but there are no further fixed terms of repayment.

The loan is secured by:
A first covering mortgage bond of R20,000,000, plus an additional 25% to cover expenses, over the property described as the remaining extent of portion 18 (a portion of portion 8) of the farm no.799, East London.

A second covering mortgage bond of R37,000,000, plus an additional 21.14% to cover expenses, over the property described as the remaining extent of portion 18 (a portion of portion 8) of the farm no. 799, East London. Interest on all amounts secured in terms of aforementioned bonds will be charged at the prime interest rate.

4. Nedbank bonds

	2017 R'000	2016 R'000
Non-current liabilities	73 592	82 283
Current liabilities	8 701	6 900
	82 293	**89 183**

5. Subsequent Events

The material events subsequent to the reporting date and up to the date of this report are as follows:

Adjusting

- None

Non-adjusting

Subsequent to year end, management entered into agreements for the sale of the following properties:

Company/Property	Total Consideration R'000
Kadoma Investments Proprietary Limited - Erf 1210	10,000
Kadoma Investments Proprietary Limited - Erf 1212	3,452
Clear Creek Trading 145 Proprietary Limited - Remainder of Portion 18 of Farm 799	13,680
Ivory Sun Trading 115 Proprietary Limited - Wespark Palms (sold some of the individual units)	1,000
Kadoma Investments Proprietary Limited - Erf 1196	5,000

Kadoma Investments Proprietary Limited - Erf 1188	5,000
Kadoma Investments Proprietary Limited - Erf 1211	6,100
Zambesa Investments Proprietary Limited - Tubatse homes (Sold 2 houses)	2,000
Towersky Properties Proprietary Limited (sale of individual erven - all have been sold)	12,007
Zambesa Investments Proprietary Limited - Tubatse homes (8 residential units plus 33 serviced lands)	12,600
	70,839

The Company has received a non-binding expression of interest from the South African Housing and Infrastructure Fund ("SAHIF") to acquire all of the issued shares of Freedom by way of a scheme of arrangement in terms of section 114 of the Companies Act, subject to a due diligence investigation. If implemented, this potential transaction may have a material effect on the price of the Company's securities.

The Board is in the process of engaging with SAHIF and shareholders are advised to exercise caution should they enter into any off-market trade in their Freedom shares until a further announcement is made.

Other

The Company was suspended from trading on the main board of the JSE in July 2016 as a result of not releasing its annual results for the year ended 29 February 2016. The suspension remains in place at the date of signing this report.

On 23 August 2019, 169,050,000 shares were withdrawn from listing. This was in accordance with the company's general authority to repurchase its own shares. This reduced the number of shares in issue to 1,035,379,031 no par value shares. The repurchase of the shares was to alleviate the contravention of the Companies Act requirement whereby a Company could not hold more than 10% of its own shares.

Other than as disclosed in this announcement, the Board is not aware of any events, other than those disclosed in this report that have a material impact on the results or disclosures of the Group, which have occurred subsequent to the end of the reporting period.

6. Going Concern

The Board has undertaken a detailed review of the going concern capability of the Company (and all subsidiary companies of the Company that form the Group) with reference to certain assumptions and plans underlying various internal cash flow forecasts.

The Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company and/or the Group to continue as a going concern.

7. Changes to the Board

The following Board changes occurred during the period covered by these results:

Name:	Designation	Changes
Current directors and prescribed officer		
WS Grobbelaar	Chairman	Appointed 27 November 2015
	(Independent Non-executive)	

S Maritz	Chief Executive Officer	Appointed 15 December 2015
C la Grange	Non-executive	Appointed 14 March 2018
WC Jansen van Rensburg	Executive	Appointed 07 October 2016
HA Lambrechts	Non-executive	Appointed 15 December 2015
CJ Sidego (resigned October 2018)	Independent Non-executive	Appointed 01 September 2016, Resigned 09 October 2018
PD Dexter	Independent Non-executive	Appointed 27 November 2015
J George	Prescribed officer	Appointed 11 July 2016

8. Litigation

The Group is involved with various litigation processes relating to the irregularities identified in the Group. This constitutes both civil and criminal matters.

9. Dividends

No dividend was declared in respect of the 12 months ended 28 February 2017

10. Reportable Irregularities

The following reportable irregularities were identified:

No	Reportable irregularity	Financial year affected
1	Annual financial statements not issued within 6 months after year end – with regard to the 2017-2019 financial statements.	2017-2019
2	Interim financial statements not issued within 3 months after the interim period – with regard to the 2017-2020 financial statements.	2017-2020
3	Trading in own shares – during the period 26 November 2014 and 6 March 2015, the group traded in its own shares. The group sold 6 229 361 shares and repurchased 2 669 262. These shares were traded without the required authorisations and some of the trades were executed during closed periods.	2015 and 2016

Paarl, Western Cape
29 January 2020

Sponsor

Questco Corporate Advisory Proprietary Limited