TREMATON
Capital Investments Limited

PRELIMINARY CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED
31 AUGUST 2021

GENERATION EDUCATION
87%

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.

ARIA PROPERTY GROUP
60%

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.

CLUB MYKONOS LANGEBAAN
100%

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 is a popular leisure destination.

ASK PARTNERS
40%

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.

RESI INVESTMENT GROUP
100%

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.

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.

CHAIRMAN'S REPORT

AS SOUTH AFRICA EMERGES FROM THE WORST OF THE COVID-19 PANDEMIC, WE EMBARK ON WHAT WILL UNDOUBTEDLY BE A PROTRACTED, ERRATIC AND PAINFUL PROCESS OF REBUILDING OUR ECONOMY, RESTORING OUR SOCIETY AND RESHAPING OUR POLITICS. IN THIS CONTEXT, WE FEEL IT IS APPROPRIATE TO SHARE WITH OUR STAKEHOLDERS A PERSPECTIVE ON WHERE TREMATON HAS COME FROM OVER THE PAST FEW YEARS, WHERE WE ARE POSITIONED AT THE PRESENT TIME, AND WHERE WE SEE OURSELVES HEADED IN THE MEDIUM TERM.

Long-time investors in and observers of Trematon will have watched the strategic portfolio shift that has been taking place in the group, away from a traditional property-heavy focus towards a growing investment in and exposure to private education. The initial focus on the development of bricks-and-mortar schools under the GenEd brand has more recently been expanded to associated EduTech avenues in Generational Education Exchange ("GenEx"). This trend has continued over the past financial year, with the opening of the new Somerset West Generation campus at the beginning of the 2021 academic year and the activation of our association with Cambridge International, such that the private education segment of our portfolio now comprises nearly 40% of the group's total intrinsic net asset value ("INAV") up from 30% only three years ago.

The board remains bullish on private education, which as a sector has recovered well after the severe effects of the pandemic on schools' operations, pupils' learning experiences and parents' affordability. Sadly, for South Africa as a country, the continued inability of government to provide an acceptable education to the bulk of our citizens means that there is enormous scope for private-sector operators who can provide a quality educational offering at an affordable price, and particularly those with access to international accreditation and advanced technology platforms. We believe that GenEd's unique schooling model, together with its innovative online offerings and international links position it well to build on its growing reputation in the market and to expand beyond its initial physical footprint in the Western Cape over time.

> THE BOARD REMAINS BULLISH ON PRIVATE EDUCATION, WHICH AS A SECTOR HAS RECOVERED WELL AFTER THE SEVERE EFFECTS OF THE PANDEMIC

In my report last year I noted that Trematon was in the fortunate position of having a strong balance sheet and sufficient cash resources to take advantage of new business opportunities that the board foresaw might become available in a post-Covid environment. Despite our investigation of several such possibilities over the past year, the board has not found any sufficiently convincing investments to persuade us to commit any substantial capital to new business ventures falling outside of our core business segments. This has led us to the conclusion that the most appropriate avenues for application of our available capital over the next few years will continue to be in the expansion of our GenEd and GenEx businesses, whether that be through ongoing growth in the number or scale of our school campuses, through strategic partnerships or through opportunistic acquisitions in the EduTech arena.

While Trematon did not make any significant investments into new businesses, we were not stuck in “hold mode” in our traditional property-related businesses. All of these businesses were profitable and cash generative over the past year, despite the ongoing impact of the pandemic on ARIA’s and RESI’s property portfolios, CML’s resort operations and ASK’s lending book. Our strategic approach to these businesses is to continue with proactive asset management and ongoing value enhancement with a view to their longer-term realisation in more favourable market conditions. While we do not foresee ourselves committing significant capital into any of these businesses over the next few years, the board will remain alert to the possibility of acquiring distressed assets in the commercial and residential property sectors and of developing the under-utilised land components in our CML and RESI portfolios.

In ARIA we made a significant new acquisition during the year in the form of the Riverside Mall shopping centre in Rondebosch, Cape Town, thus adding another institutional quality property to and strengthening the retail component of ARIA’s already attractive portfolio. In RESI we took advantage of the surge in demand for residential property in our price bracket, following the substantial drop in the banks’ mortgage lending rates and were able to realise sales in the portfolio. In CML we commissioned several incremental projects that will improve the operating efficiencies and guest facilities at the resort in anticipation of a return to higher occupancies with the lifting of most Covid-related restrictions on the hospitality industry. Trematon still remains invested in ASK syndicated Pound Sterling loan exposures that will be redeemable over the next few years.

Being conscious of the market criticism that is often attracted, but equally the opportunity that is currently offered, by the deep discount of the Trematon share price to INAV, the board authorised a judicious buy-back programme which resulted in the buy-back of 7.4 million shares at a total cost of R16.7 million. Nevertheless, after taking into account a contingency reserve to cater for the lingering effects of Covid, all committed and uncommitted capital expenditures and an allowance for expansions or acquisitions in GenEd, the board again finds itself in a position where it is comfortable to pay a substantially increased distribution to shareholders of 30.0 cents per share, compared to 7.5 cents in 2020.

That the group finds itself in this strong position this year, the 16th anniversary of the change of control of Trematon, is the accumulated outcome of smart investing, active management and timely realisations over that extended period and through several economic cycles. The board expresses its sincere appreciation for this achievement to the current executive team, led by CEO Arnold Shapiro and supported by the management teams in our various businesses.

Robin Lockhart-Ross
Independent Non-executive Chairman

JOINT REPORT

GENERATION EDUCATION IS NOW THE SINGLE-LARGEST INVESTMENT IN THE GROUP AND HAS THE FASTEST GROWTH TRAJECTORY IN THE PORTFOLIO.

RESULTS

More than a third of turnover at year-end was attributable to education. The rapid expansion of the brick-and-mortar education business and significant development spending on EduTech operations has delayed full profitability, but the group is rapidly maturing and is cash flow positive at an operational level before non-cash IFRS adjustments.

The group's Western Cape property investments are of high quality and are still an important component of INAV and revenue, but the pace of investment in physical property has slowed. In the residential portfolio, the group has taken advantage of a buoyant market for entry-level apartments and has been a net seller for several years as we have been largely unable to source attractively priced stock to replenish this pipeline. Our commercial property arm, ARIA, made its first material acquisition in several years, when it purchased the Riverside Mall in Rondebosch. CML, which owns commercial leisure and development properties, has a fixed stock of land which will be developed over time as the market allows.

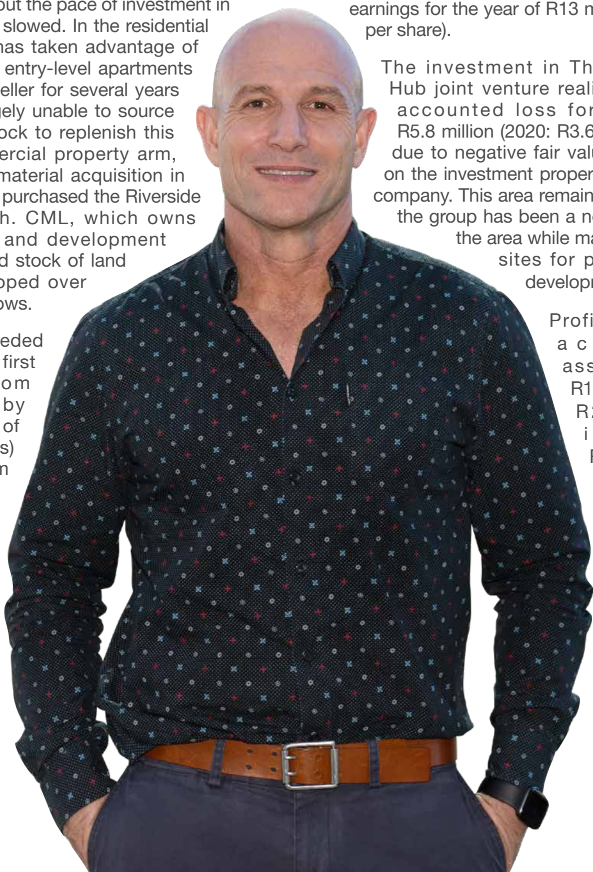
Group revenue exceeded R400 million for the first time. Revenue from property declined by 9% (due to the sale of investment properties) and revenue from education increased by 60%.

INAV, which provides investors with a realistic evaluation of Trematon's performance and value after providing for taxes, increased to 536 cents per share from 519 cents in the previous year. This is mainly due to the increase in value of GenEd which continues to grow organically at a fast pace.

The group made an accounting loss after tax of R8.7 million (2020: loss of R2.6 million). This loss does not reflect the operating performance of the business as it includes non-cash flow adjustments amounting to R21.7 million. This equates to cash earnings for the year of R13 million (6.3 cents per share).

The investment in The Woodstock Hub joint venture realised an equity accounted loss for the year of R5.8 million (2020: R3.6 million), mainly due to negative fair value adjustments on the investment properties held by the company. This area remains subdued, and the group has been a net disinvestor in the area while maintaining select sites for possible future development.

Profit from equity accounted associates was R17.8 million (2020: R2.8 million), including R9.5 million earned from ASK Partners, which had a



CHIEF EXECUTIVE OFFICER
ARNOLD SHAPIRO

DISTRIBUTIONS INCREASED BY

300%

TO 30 CENTS PER SHARE

CHIEF FINANCIAL OFFICER

ARTHUR WINKLER

INTRINSIC NET ASSET VALUE PER SHARE INCREASED BY 3% TO 536 CENTS

strong year after the prior year's Covid-affected results. A further R5.2 million was earned from participation in various syndication underwrites by ASK Partners. This profit from our UK-based associates was off-set by the strengthening of the Rand to the Pound which resulted in a forex decrease of R14.3 million and is reflected in the movement in the foreign currency translation reserve. The remaining R3.1 million was earned from the Balwin Rentals investment which continues to perform in line with initial forecasts and budgets.

The above translates to a loss of 7.9 cents per share (2020: loss of 2.0 cents per share), however a headline profit of 2.1 cents per share was realised (2020: loss of 3.3 cents per share).

At year-end the group has consolidated cash reserves in South Africa of R203.5 million with access to a further R56.2 million of cash held in Pound Sterling-denominated accounts in ASK, as well as R42.5 million in short-dated syndications based on the Rand:Pound exchange rate at year-end.

DISTRIBUTIONS

Distributions have grown annually since 2011. This year distributions have increased by 300% to 30.0 cents (2021: 7.5 cents) per share.

SHARE BUY-BACKS

During the year Trematon repurchased 7.4 million shares. These 7.4 million shares plus the treasury shares held at the beginning of the year, totalling 8.1 million shares, reverted to authorised unissued share capital.

The board is acutely aware of the discount at which the share price trades relative to intrinsic NAV. This is mostly determined by exogenous factors which are not under management's control, but the share buy-back programme and the large increase in distributions is reflective of the board's intention to ensure that there is a mechanism which will ultimately enable shareholders to realise the full value of their investment.

Generation Education
Sandown

STRONG CASH GENERATION WITH OVER

R260 MILLION

AT GROUP LEVEL

COMMENTARY ON THE ECONOMY AND THE STOCK MARKET

Smaller listed companies on the JSE have not performed well for the past several years despite general buoyancy and significant raising of capital in global markets. There has also been a trend toward delisting by smaller companies because of an inability to raise capital and a high administrative and regulatory burden. Credit should be given to the JSE for recognising this trend, and some initiatives have started to address the various issues.

The small cap market, although subdued, has not disappeared completely, and small investors are still active in the market. The growing popularity of investment platforms such as Easy Equities and the online platforms provided by traditional banks and fund managers make it easy for small investors to manage their own investments.

The current discounted pricing of small companies is largely driven by exogenous factors and it is difficult for any single company to buck this trend, but we believe that small caps still have a valid place in the investment universe. Although liquidity is not always high and pricing can be inefficient, there is always a valid bid and offer price, and the regulatory environment means that all important information is conveyed timeously to shareholders.

The net disinvestment in the small cap sector of the JSE over the past few years has been driven by specific local factors and is not indicative of a general global trend. The small cap sector could still be a source of competitive returns because of local innovation and expertise.

ARIA Property Group
Riverside Mall

The discount at which Trematon trades (in common with nearly all investment companies, large and small) means that significant capital raising is difficult, and only niche investors trade actively in the shares, but this does not affect the operations of the company and the group has sufficient capital for its immediate needs. The group has an active share buy-back programme which increases the value for the shareholders who remain invested. In addition to the growth prospects in our various investments, any surplus capital will also be distributed to shareholders over time, so patient investors should be rewarded with both cash returns and capital growth.

Arnold Shapiro
Chief Executive Officer

Arthur Winkler
Chief Financial Officer

HEADLINE EARNINGS PER SHARE INCREASE BY

164% TO 2.1 CENTS


RIVERSIDE MALL

CONDENSED STATEMENT OF **FINANCIAL POSITION**

	Notes	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
ASSETS			
Non-current assets		**2 073 368**	2 067 139
Property, plant and equipment	2	345 119	315 793
Investment properties	3	1 481 254	1 548 183
Right-of-use asset	4	70 765	–
Investments in joint ventures	5	–	5 832
Investments in associate entities	6	125 277	121 897
Loans receivable	7	28 095	52 695
Deferred tax asset		22 858	22 739
Current assets		**263 443**	230 573
Financial assets at fair value through profit and loss		6 392	8 134
Inventories		41 663	42 081
Current tax		642	937
Trade and other receivables		11 251	19 147
Cash and cash equivalents	8	203 495	160 274
Non-current assets held-for-sale	3	6 893	91 411
Total assets		**2 343 704**	2 389 123
EQUITY AND LIABILITIES			
Equity		**964 458**	1 025 820
Share capital and share premium		238 465	272 592
Treasury shares	13	–	(1 337)
Fair value reserve		33 353	33 353
Foreign currency translation reserve		13 324	27 670
Share-based payment reserve	18	13 161	12 355
Accumulated profit		537 662	554 162
Total equity attributable to equity holders of the parent		835 965	898 795
Non-controlling interest		128 493	127 025
Liabilities			
Non-current liabilities		**1 214 215**	1 029 421
Loans payable	9	996 347	878 679
Derivatives	10	8 964	14 954
Trade and other payables	11	39 714	24 860
Lease liability	4	74 138	–
Deferred tax liability		95 052	110 928
Current liabilities		**165 031**	333 882
Loans payable	9	103 247	265 128
Current tax		609	609
Derivatives	10	2 003	1 192
Lease liability	4	3 886	–
Trade and other payables	11	55 286	66 953
Total liabilities		**1 379 246**	1 363 303
Total equity and liabilities		**2 343 704**	2 389 123
Net asset value per share (based on net shares in issue at year-end) (cents)		401	416

CONDENSED STATEMENT OF **COMPREHENSIVE INCOME**

	Notes	Reviewed Year ended 31 August 2021 R'000	Audited Year ended 31 August 2020 R'000
Revenue	16	**402 540**	375 246
Profit from property operations		**103 233**	133 599
Revenue – property		**260 403**	287 011
Cost of property and land sold		**(718)**	(9 252)
Employee benefits – property		**(20 640)**	(18 255)
Operating expenses – property		**(135 812)**	(125 905)
Loss from education operations		**(6 782)**	(4 691)
Revenue – education		**138 532**	86 520
Employee benefits – education		**(84 821)**	(50 345)
Operating expenses – education		**(60 493)**	(40 866)
Loss from other operations		**(9 316)**	(13 090)
Revenue – other		**3 605**	1 715
Employee benefits – other		**(11 072)**	(12 883)
Operating expenses – other		**(1 849)**	(1 922)
Total realised profit		**3 524**	7 478
Realised profit/(loss) on financial assets at fair value through profit and loss		**1 089**	(244)
Realised profit on sale of non-current assets		**2 435**	7 722
Total loss from fair value adjustments		**(16 679)**	(28 681)
Fair value adjustment on investment properties	3	**(10 277)**	(7 712)
Fair value adjustment on financial assets at fair value through profit and loss		**–**	(1 295)
Fair value adjustment on financial liabilities at fair value through profit and loss	10	**11 572**	(16 146)
Impairment of loan		**(20 683)**	–
Foreign exchange (loss)/gain		**(739)**	1 557
Decrease/(increase) in loss allowance		**3 448**	(5 085)
Other income		**852**	2 080
Profit before finance costs		**74 832**	96 695
Total finance costs		**(90 208)**	(98 080)
Finance costs – property		**(76 024)**	(91 513)
– education		**(14 034)**	(535)
– other		**(150)**	(6 032)
Profit from equity accounted investments		**11 945**	3 498
(Loss)/profit from equity accounted joint ventures (net of tax) – property		**(5 832)**	651
Profit from equity accounted associates (net of tax) – property		**3 131**	1 097
Profit from equity accounted associates (net of tax) – other		**14 646**	1 750
(Loss)/profit before income tax		**(3 431)**	2 113
Income tax		**(5 221)**	(4 746)
Loss for the year		**(8 652)**	(2 633)

CONDENSED STATEMENT OF **COMPREHENSIVE INCOME**

(continued)

	Notes	Reviewed Year ended 31 August 2021 R'000	Audited Year ended 31 August 2020 R'000
Other comprehensive income			
Items that are or may subsequently be reclassified to (loss)/profit:			
Foreign currency translation differences on equity accounted investments		(14 346)	20 694
Other comprehensive (loss)/income for the year		(14 346)	20 694
Total comprehensive (loss)/income for the year		(22 998)	18 061
(Loss)/profit attributable to:			
Equity holders of the parent		(16 500)	(4 182)
Non-controlling interests		7 848	1 549
		(8 652)	(2 633)
Total comprehensive (loss)/income attributable to:			
Equity holders of the parent		(30 846)	16 512
Non-controlling interests		7 848	1 549
		(22 998)	18 061
Earnings per share			
Basic loss per share (cents)		(7.9)	(2.0)
Diluted loss per share (cents)		(7.9)	(2.0)

The condensed statement of comprehensive income has been split between property operations, education operations and other operations to provide more useful information to the users of the Preliminary Condensed Financial Statements.

CONDENSED STATEMENT OF **CHANGES IN EQUITY**

	Share capital R'000	Share premium R'000	Total share capital R'000	Treasury shares R'000
Balance at 1 September 2019	2 190	288 106	290 296	–
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	9	2 408	2 417	–
Treasury shares cancelled	(31)	(7 997)	(8 028)	8 028
Treasury shares acquired	–	–	–	(9 365)
Capital distribution	–	(12 093)	(12 093)	–
Dividends declared to non-controlling interest	–	–	–	–
Balance at 31 August 2020	2 168	270 424	272 592	(1 337)
Balance at 1 September 2020	**2 168**	**270 424**	**272 592**	**(1 337)**
Total comprehensive income for the year	–	–	–	–
(Loss)/profit for the year	–	–	–	–
Foreign exchange movements on investment in associate	–	–	–	–
Share-based payment expense	–	–	–	–
Treasury shares cancelled	(81)	(17 961)	(18 042)	18 042
Treasury shares acquired	–	–	–	(16 705)
Capital distribution	–	(16 085)	(16 085)	–
Dividends declared to non-controlling interest	–	–	–	–
Balance at 31 August 2021	**2 087**	**236 378**	**238 465**	**–**
Note				13

	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Fair value reserve R'000	Accumulated profit/(loss) R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
	11 770	6 976	33 353	558 344	900 739	156 005	1 056 744
	–	20 694	–	(4 182)	16 512	1 549	18 061
	–	–	–	(4 182)	(4 182)	1 549	(2 633)
	–	20 694	–	–	20 694	–	20 694
	3 002	–	–	–	3 002	–	3 002
	(2 417)	–	–	–	–	–	–
	–	–	–	–	–	–	–
	–	–	–	–	(9 365)	–	(9 365)
	–	–	–	–	(12 093)	–	(12 093)
	–	–	–	–	–	(30 529)	(30 529)
	12 355	27 670	33 353	554 162	898 795	127 025	1 025 820
	12 355	**27 670**	**33 353**	**554 162**	**898 795**	**127 025**	**1 025 820**
	–	**(14 346)**	**–**	**(16 500)**	**(30 846)**	**7 848**	**(22 998)**
	–	**–**	**–**	**(16 500)**	**(16 500)**	**7 848**	**(8 652)**
	–	**(14 346)**	**–**	**–**	**(14 346)**	**–**	**(14 346)**
	806	**–**	**–**	**–**	**806**	**–**	**806**
	–	**–**	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**(16 705)**	**–**	**(16 705)**
	–	**–**	**–**	**–**	**(16 085)**	**–**	**(16 085)**
	–	**–**	**–**	**–**	**–**	**(6 380)**	**(6 380)**
	13 161	**13 324**	**33 353**	**537 662**	**835 965**	**128 493**	**964 458**
	18						

CONDENSED STATEMENT OF **CASH FLOW**

	Reviewed Year ended 31 August 2021 R'000	Audited Year ended 31 August 2020 R'000
Cash flows from operating activities		
Cash generated from operations	120 442	112 625
Finance income	7 872	7 875
Dividends received	444	–
Finance costs	(86 240)	(98 080)
Taxation paid	(20 923)	(17 887)
Dividends paid to non-controlling interest	(4 880)	(22 896)
Net cash inflow/(outflow) from operating activities	16 715	(18 363)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(41 298)	(81 452)
Acquisition of and addition to investment properties	(4 993)	(5 187)
Proceeds on disposal of non-current assets	68 574	35 112
Loans receivable repaid	–	9 699
Proceeds on disposal of joint venture	–	19 382
Loans advanced to joint ventures and associates	(4 600)	(5 050)
Loans repaid by joint ventures and associates	8 198	7 391
Acquisition of investments	–	(2 967)
Shares repurchased by associates	–	4 566
Proceeds on disposal of investments	2 830	55
Net cash inflow/(outflow) from investing activities	28 711	(18 451)
Cash flows from financing activities		
Acquisition of treasury shares	(16 705)	(9 365)
Capital distribution	(16 085)	(12 093)
Decrease in borrowings	(2 734)	(1 605)
Increase in borrowings	34 058	72 161
Net cash (outflow)/inflow from financing activities	(1 466)	49 098
Net increase in cash and cash equivalents	43 960	12 284
Foreign exchange translation adjustment on cash and cash equivalents	(739)	1 557
Cash and cash equivalents at the beginning of the year	160 274	146 433
Total cash and cash equivalents at the end of the year	203 495	160 274

NOTES

1. Presentation of consolidated results

Trematon Capital Investments Limited (the "company") is a company domiciled in South Africa. The consolidated financial statements of the company as at and for the year ended 31 August 2021 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in associates and joint ventures.

The financial statements were authorised for issue by the directors on 11 November 2021.

The preliminary, condensed consolidated results ("the results") have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and contain the information required by IAS 34 – Interim Financial Reporting, the JSE Listings Requirements and the Companies Act. The accounting policies and methods of computation applied in the presentation of the results are consistent with those applied in the prior year. These accounting policies and methods of computation are in terms of IFRS.

Standards and interpretations effective and adopted in the current year:

Trematon applied the amendments relating to the definition of material in terms of IAS 1 – Presentation of Financial Statements and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors for the first time from 1 September 2020. The amendments relating to the definition of "material" clarify 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 amendment did not have a material impact on the group.

Trematon applied the amendments to the conceptual framework including some new concepts, providing updated definitions and recognition criteria for assets and liabilities, and clarifying some important concepts was adopted for the first time from 1 September 2020 and did not have a material impact on the group.

Trematon applied the amendment to IFRS 16 relating to the impact of Covid-19-related rent concessions has on lease modifications as per IFRS 16. This amendment did not have a material impact on the group.

The results are stated in Rands, which is the company's functional and presentation currency.

The preliminary condensed consolidated results have been independently reviewed in compliance with the requirements of the Companies Act of South Africa.

The results have been reviewed by the company's independent auditors, Mazars. Their unmodified review opinion is available for inspection at the company's registered office. Their review was conducted in accordance with ISRE 2410 "Review of interim financial information performed by the independent auditor of the entity". The auditors' report does not necessarily report on all of the information contained in these results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditors' engagement they should obtain a copy of the auditors' report together with the accompanying financial information from the company's registered office.

Significant movements during the year

2. Property, plant and equipment

The increase is mainly due to the fit-out of Generation Schools campuses in Somerset West, Cape Town as well as additions to the Club Mykonos Resort and Boatyard.

3. Investment property

In the current year ARIA disposed of a property, namely The Wang in Gauteng and RESI disposed of multiple residential properties. These investment properties were not included in non-current assets held-for-sale in the prior year.

Investment properties were written down by R10.3 million during the year under review as a result of adjustments in the market value of the investment properties. For further details refer to note 12.

Non-current assets held-for-sale in the prior year included Great White Shopping Centre in Gansbaai, owned by ARIA which was sold for a consideration of R53.7 million and residential properties owned by RESI which were sold for a consideration of R36.7 million.

4. Right-of-use asset and lease liability

The right-of-use asset and lease liability is a result of the long-term lease entered into by GenEd for the lease of a school property in Somerset West, Cape Town.

5. Investment in joint ventures

The decrease in joint ventures was due to the write-down of the investment in The Woodstock Hub to Rnil.

6. Investment in associate entities

ASK, which is equity accounted, increased due to an increase in equity accounted earnings, however the strengthening of the Rand to the Pound Sterling resulted in a R14.3 million foreign currency loss.

7. Loans receivable

Loans receivable has decreased due to the fact that a loan receivable from The Woodstock Hub (Pty) Limited has been impaired due to a decrease in the value of the underlying investment properties owned by The Woodstock Hub (Pty) Limited.

8. Cash and cash equivalents

Cash increased during the year due to distributions received from both ARIA and RESI as a result of sales of investment properties.

9. Loans payable

Loans payable consist of bank loans. The movement in loans was due to the disposal of properties in ARIA and RESI and the related debt settled as well as the renegotiation of current debt to long term.

10. Derivatives

The derivative relates to interest rate swap agreements entered into by ARIA and Trematon. The current year's movement was a gain of R11.6 million.

11. Trade and other payables

Included in other payables are amounts owing in terms of profit share arrangements on three properties held by ARIA, namely York Street Boulevard, Maynard Mall and Edgars Wynberg.

12. Fair value measurement

Interest rate swaps (financial instruments)

The valuation of interest rate swaps uses observable market data. 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. Interest rate swaps are classified as level 2 financial instruments and the fair value of the interest rate swap liability at 31 August 2021 is equal to R11 million.

Profit-sharing arrangements (financial instruments)

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. Two of the properties are retail properties and one of the properties is a commercial property. The inputs used in the valuation of the properties are disclosed in the note below. The total value of the liability measured at fair value amounts to R25.2 million (2020: R24.9 million).

Property (non-financial instruments)

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, recent sales information of similar properties in the same development, or a combination of the valuation approaches.

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

Description	Valuation technique	Capitalisation rate %	Vacancy rate %	Rands per sqm
2021				
Retail	Income approach	9.0 – 9.9	0.0 – 5.1	N/A
Commercial	Income approach and market approach	8.2 – 10.0	1.1 – 4.3	12 587
Industrial	Income approach	9.6 – 13.2	0.0 – 8.9	N/A
Residential	Market approach	N/A	N/A	4 136 – 19 098
Schools*	Market approach	N/A	N/A	3 920 – 28 844
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

* School properties are classified as land and buildings within property, plant and equipment and are measured at the revalued amount.

Sensitivity analysis

The valuations of 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:

Input	Change %	2021 R'000	2020 R'000
Increase in capitalisation rate	0.5%	(67 544)	(67 549)
Decrease in capitalisation rate	0.5%	79 773	75 185
Increase in vacancy rate	2.0%	(27 759)	(27 795)
Decrease in vacancy rate	2.0%	21 005	18 518
Increase in Rands per sqm	10.0%	40 213	49 057
Decrease in Rands per sqm	10.0%	(40 213)	(49 057)

	Reviewed Year ended 31 August 2021	Audited Year ended 31 August 2020
13. Treasury shares		
Number of shares held at year-end	–	664 539

The weighted average price of the treasury shares purchased during the year was R2.24 (2020: R2.45).

During the year 8 105 998 (2020: 3 154 603) treasury shares were cancelled and added to unissued ordinary shares.

	R'000	R'000
14. Related party transactions		
(Loss)/profit from equity accounted joint ventures	(5 832)	651
Profit from equity accounted associates	17 776	2 847
Distributions and dividends received from joint ventures and associates	444	–
Interest received from associates	300	786
Administration fees received from associates	300	300
Administration fees received from joint ventures	960	960
Directors' emoluments	9 239	10 715
Capital distributions to shareholders holding greater than 20% of the issued share capital of the company	8 524	6 251

	Reviewed Year ended 31 August		Audited Year ended 31 August	
	Gross 2021 R'000	Net 2021 R'000	Gross 2020 R'000	Net 2020 R'000
15. Reconciliation of headline earnings per share				
Headline earnings per share is calculated as follows:				
Loss attributable to equity holders of the parent		(16 500)		(4 182)
Fair value adjustment on investment properties	10 277	6 310	7 712	3 024
Fair value adjustments within equity accounted profits	19 630	15 951	(3 689)	(1 718)
Realised profit on sale of non-current assets	(2 436)	(1 394)	(7 722)	(4 090)
Headline earnings		4 367		(6 966)
Headline earnings per share (cents)		2.1		(3.3)
Diluted headline earnings per share (cents)		1.9		(3.3)

The calculation of headline earnings per share is based on the weighted average number of 207 657 245 shares in issue during the year (2020: 214 049 863).

The calculation of diluted headline earnings per share is based on the diluted weighted average number of 225 732 448 shares in issue during the year (2020: 214 049 863). In the prior year 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.

	Reviewed Year ended 31 August 2021 R'000	Audited Year ended 31 August 2020 R'000
16. Revenue		
Rental income	239 493	259 808
Sale of property and land	1 391	6 670
Administration fee income	1 538	1 493
School and registration fees	128 039	79 981
Other school income	3 583	6 539
Commission received	4 742	4 426
Services and other revenue	14 259	5 938
	393 045	364 855
Investment revenue		
Dividend income – unlisted investments	444	–
Interest received – associates	300	787
Interest received – bank	7 900	7 875
Interest – other	851	1 729
	9 495	10 391
	402 540	375 246
Timing of revenue recognition		
At a point in time	23 975	23 573
Over time	129 577	81 474
Straight-line basis	239 493	259 808
	393 045	364 855

17. Segmental information

	Property investments R'000	Education R'000	UK investments R'000	Corporate and other R'000	Total R'000
2021					
Revenue	260 404	138 532	–	3 604	402 540
Revenue – at a point in time	20 392	3 583	–	–	23 975
Revenue – over time	1 538	128 039	–	–	129 577
Revenue – straight-line basis	239 493	–	–	–	239 493
Net income/(loss) before tax	4 286	(14 745)	14 645	(7 617)	(3 431)
Total assets	1 695 216	419 123	120 190	109 175	2 343 704
Total liabilities	1 144 255	233 961	–	1 030	1 379 246
Net asset value	419 226	188 404	120 190	108 145	835 965
Intrinsic net asset value	448 118	419 481	117 732	132 754	1 118 085
2020					
Revenue	287 011	86 520	–	1 715	375 246
Revenue – at a point in time	17 034	6 539	–	–	23 573
Revenue – over time	1 493	79 981	–	–	81 474
Revenue – straight-line basis	259 808	–	–	–	259 808
Net income/(loss) before tax	14 382	(3 055)	1 750	(10 964)	2 113
Total assets	1 856 082	324 820	119 891	88 330	2 389 123
Total liabilities	1 239 899	122 067	–	1 337	1 363 303
Net asset value	488 412	203 499	119 891	86 993	898 795
Intrinsic net asset value	483 228	378 078	117 329	142 914	1 121 549

18. Share-based payment reserve

During the current financial year Rnil (2020: R2.4 million) worth of restricted shares were issued to executive directors and selected employees in terms of the share incentive scheme.

These shares were deducted from the share-based payment reserve.

19. Financial covenants

There are externally imposed covenant requirements on the bank debt in ARIA and GenEd. The following covenants apply to the borrowings:

GenEd:
- the ratio of EBITDA to interest payable shall be not less than four times
- the EBITDA to gross debt ratio shall not be less than 2.5 times cover
- Trematon INAV to exceed R500 million
- minimum number of students to exceed 1 536
- performance covenants to be met by GenEd are revenue to exceed R154.9 million (2020: R118.5 million) and EBITDA to exceed R25.6 million (2020: R7.3 million) for the school calendar year

ARIA:
- the ratio of EBITDA to interest payable ranges between a minimum of not less than 1.25 and 1.6 times
- the minimum loan to value ratio ranges between 62% and 65%

None of the ARIA financial covenants were breached during the current and prior financial year and all indications are that future covenants will comfortably be met.

The financial covenants for GenEd are expected to be met for the 2021 calendar year. In the prior year GenEd missed their revenue covenant due to additional revenue items such as extra-mural activities and food not being charged for as students were not physically attending school due to the Covid-19 pandemic. The EBITDA performance covenant was met for the 2020 school year. The loan has a maturity date of 13 December 2021 and is classified as current in the statement of financial position. Management is busy finalising the extension of this loan and is confident it will be concluded prior to the maturity date.

20. Capital distribution

On 11 November 2021, subsequent to year-end, the board of directors declared a capital distribution of 30.0 cents per share (2020: 7.5 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, 17 December 2021.

In compliance with IAS 10 – Events After the Reporting Period date, the capital distribution will only be accounted for in the financial statements in the year ending 31 August 2022.

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

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

The amount payable to shareholders is R62.8 million, being 30.0 cents per share, based on the current number of 209 397 290 shares in issue.

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

Last date to trade:	Monday, 13 December 2021
Ex-date:	Tuesday, 14 December 2021
Record date:	Friday, 17 December 2021
Payment date:	Monday, 20 December 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 14 December 2021 and Friday, 17 December 2021, both days inclusive.

21. 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.

ARIA has acquired Riverside Mall Shopping Centre in Rondebosch, Cape Town for a purchase price of R126.1 million. The acquisition was funded using bank debt and was registered in the Cape Town deeds registry on 17 September 2021.

Further to the above, ARIA entered into a loan agreement with Nedbank for an amount of R654 million, which combined three existing Nedbank loans payable at year-end. The loan term is three years at JIBAR-linked rates. Trematon's sureties on these loans have been reduced from R407 million to R215 million.

After year-end ARIA declared a dividend of R10 million to shareholders, of which R6 million was received by Trematon.

Subsequent to year-end properties with a carrying amount of R4.6 million recognised as non-current assets held-for-sale were transferred to the buyers of those properties and were derecognised.

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

22. Going concern

The preliminary condensed consolidated financial statements 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 they 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 activities have returned to normal levels. 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 preliminary condensed consolidated financial statements for the year ended 31 August 2021. 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 bad debts written off, mainly in ARIA amounting to R8.3 million. Other bad debts written off and provision for expected credit losses are insignificant;
- there are 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;
- reduction in rental income due to concessions given to tenants in the form of rental discounts amounting to R3.2 million (2020: R2.1 million) and rental deferrals amounting to R0.3 million (2020: R0.7 million);
- the loan receivable and investment in The Woodstock Hub was impaired as a result of Covid-19's impact on the property values within the company; and
- the value of investment property was reduced by R10.3 million during the year as a result of the fair value adjustment. This 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.

23. Changes to the board of directors

During the year Mr AM Louw resigned as a non-executive director.

Ms MA Sessions was appointed to the board and she also serves on the audit and risk committee and remuneration committee.

INTRINSIC VALUE REPORT

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

The intrinsic net asset value report below illustrates the intrinsic net asset value ("INAV") of all investment categories of the group for the period ended 31 August 2021. 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	August 2021 R'000	August 2020 R'000
Generation Education	1	419 481	378 079
ARIA Property Group	2	192 126	184 366
Club Mykonos Langebaan	3	162 131	157 597
ASK Partners	4	117 732	117 329
RESI Investment Group	5	93 861	141 265
Cash	6	102 807	109 264
Other	7	29 947	33 649
Total		1 118 085	1 121 549
Number of net shares in issue ('000)	8	208 605	216 046
Diluted number of shares ('000)	9	226 680	234 121
INAV per share (cents)		536	519
Diluted INAV per share (cents)	9	511	496

Notes

1. GenEd's school operations have been valued using a discounted cash flows method. School properties under development were carried at cost. The increase in INAV is due to the addition of a new school, Generation Somerset West, and increased student numbers.

2. ARIA has been valued using directors' valuations. The increase in INAV over the prior year was due to the sale of properties above book value, as well as the mark to market of interest rate swaps.

3. CML has been valued using directors' valuations. The increase in INAV over the prior year was due to the completion and valuation of a solar plant at the Club Mykonos Boatyard, the construction of a Rope Adventure Park and purchase of a charter boat.

4. The investment in ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value remained flat over the prior year with the increase in operating profit being off-set by the increase in the Rand/Pound exchange rate. The investment in the operating entity was written up slightly due to a significant increase in profits compared to the prior year.

5. 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 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.

6. Current year's cash includes cash from all subsidiaries, other than ARIA and GenEd, which is included in their respective INAV.

7. Other includes unlisted shares and other minor assets less related debt. The investment in Stalagmite was written down in the current year.

8. During the year 7.4 million (2020: 3.8 million) treasury shares were purchased by the company at an average price of R2.24 (2020: R2.45) per share.

9. Diluted number of shares takes into account convertible debentures issued to participants of the Trematon Share Incentive Trust that are convertible into Trematon ordinary shares at the election of the participants as well as R40 million cash to be received in settlement of the strike price due on conversion of these debentures.

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

Domicile and registered office
3rd Floor, Aria North Wharf, 42 Hans Strijdom Avenue,
Foreshore, Cape Town, 8001
PO Box 15176, Vlaeberg, 8018, South Africa

Contact details
Tel: 021 421 5550

Directors
R Lockhart-Ross (Chairman)#*, AJ Shapiro (Chief Executive Officer), AL Winkler (Chief Financial Officer), JP Fisher#*, K Getz*, A Groll, MA Sessions*#, R Stumpf*

* Non-executive # Independent

Secretary
JJ Vos

Transfer secretaries
JSE Investor Services (Pty) Limited
19 Ameshoff Street, Braamfontein, 2001

Sponsor
Sasfin Capital, a member of the Sasfin Group

Auditor
Mazars
Engagement partner – Marc Edelberg

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

The preliminary condensed consolidated results have been independently reviewed in compliance with the requirements of the Companies Act of South Africa.

www.trematon.co.za

TREMATON
Capital Investments Limited