UNAUDITED INTERIM RESULTS

for the six months ended 28 February 2021

2021

TREMATON
Capital Investments Limited

DIRECTORS' REVIEW

COMMENTARY ON FINANCIAL RESULTS

Trematon is an investment holding company that focuses on generating above-average returns for its shareholders. The investment policy of Trematon is to invest in assets and businesses which management believes are undervalued or where management can create value that has the potential to achieve the group's targeted internal rate of return. It remains flexible with regard to the various industries in which it can invest and is not limited to any one main industry.

The group's capital allocation strategy follows the same pattern as established in the 2019 and 2020 financial years. The group was a net seller of commercial, residential and leisure property during the period, and the proceeds were used to bolster cash reserves, settle bank debt and invest in Generation Education ("GenEd") which now makes up 36% of the group's intrinsic net asset value ("INAV"). The group has also been a consistent buyer of its own shares.

The effect of this is reflected in the statement of comprehensive income which has shown an increase of 43% in school-related income and a decrease of 9% in rental income compared to the previous interim period (see note 3 for a breakdown of revenue).

The group's primary measure of shareholder value and investment performance over time is INAV. The INAV represents the directors' best estimate of the true underlying value of the group, assuming an orderly disposal process and after taking taxes into account.

INAV per share increased to 530 cents at February 2021 from 519 cents at the August 2020 year-end, mainly due to the sale of assets at values higher than their carrying value, fair value adjustments on derivatives, and treasury shares purchased at a discount to INAV.

The most notable changes in the composition of INAV is the increase in the value of GenEd which represents capex expended since the last financial year-end. The discounted cash flow-based valuation of GenEd was not adjusted at this interim period, other than for the actual cost of capex at school properties.

Total revenue increased from the prior interim period. Rental income from properties decreased but was more than off-set by the increased school fee income due to increased student numbers at existing schools and the opening of the new school in Somerset West, Cape Town.

Operating profit decreased to R59.6 million (2020: R63.5 million), mainly due to increased staff costs within GenEd from the opening of a new school. The group generated R40.2 million cash from operations (2020: R34.7 million). Most of the capex for the period was funded out of operating cash flows.

Profit for the period increased to R6.8 million (2020: R4.2 million). The main reason for the increase in profit was the reduction in finance costs and increased profitability in the group's UK-based investment, ASK Partners, which is equity accounted. This translated to a profit of 0.6 cents (2020: 0.4 cents) per share and a headline profit of 2.1 cents (2020: 0.01 cents) per share.

It should be noted that GenEd is not yet making a material contribution to profit. GenEd is growing faster than originally anticipated and this has necessitated substantial extra expenditure on staff and educational support which does not have compensating revenue in the short term, but is necessary in order to continue to provide a high-quality future outcome.

REVIEW OF MAJOR INVESTMENTS

Generation Education

The GenEd brand has established itself as a leader and innovator in both physical campuses and edutech. GenEd's offering is characterised by value-for-money fees, internationally accredited academic excellence, practical vocational options and a bespoke student-centred philosophy. All of our physical campuses are currently based in the Western Cape, but the edutech offering has a wider footprint and the future vision is global in orientation.

GenEd opened its eighth campus in Somerset West, Cape Town in January 2021 and is growing faster than at any time in its history as the brand gains acceptance and recognition. This growth, which is across the board and includes all age groups, comes with certain challenges and we have increased expenditure on staff and educational support infrastructure to ensure that we can continue to provide a world-class education.

GenEd is focusing its edutech offering as a support system and enabler to existing schools. We do not compete with existing schools or providers of online education but facilitate the integration of a broad range of educational and technological support so that existing schools and online communities can offer the best service to their stakeholders. Our experience with bricks and mortar schools offering both academic and vocational programmes means that we can assist other schools in growing their offering without diluting our own excellence.

Revenue grew to R65.2 million (2020: R45 million) and the number of students has increased to 2 124 (August 2020: 1 514 students). Payroll costs will increase significantly in 2021 to ensure that we are in a position to provide a high-quality offering in our high schools.

GenEd took over the operations of Reddam in Somerset West and rebranded the school as a Generation School with effect from 1 January 2021. We are delighted to report that the school has more students than in 2020 despite the complete rebranding and integration of multiple curricula streams. We also absorbed the entire staff, who have adapted well to the new culture, and we look forward to growing an even stronger community in 2021 and beyond.

GenEd is a vibrant and innovative brand, and each campus has a unique offering which is tailored to the needs and passions of the surrounding community. For example, Generation Imhoff in Kommetjie has a skate park, Generation Sandown has a Red Bull-certified BMX pump track and Generation Somerset West has a world-class aquatic centre. 2021 will see the addition of on-campus hydroponic farming schemes as an educational offering. The Generation Space Academy, which has a close association with the SA Space Agency, is close to Generation Hermanus and has introduced students to satellite imagery at work in real life which has been incorporated into their school projects.

GenEd's food policy is also unique in the sector. Our campuses have on-site kitchens which provide healthy meals planned by our nutritionist which assists with cost and time-savings because parents don't have to prepare their children's school lunches.

At this stage of the growth cycle GenEd is operating at close to break-even. The opening of the large new school in Somerset West has resulted in additional short-term expenses which are not yet fully compensated for by mature revenue streams, as well as both a right-of-use asset and lease liability being recognised on the statement of financial position which is an IFRS requirement and has no effect on cash. While some of GenEd's older schools are full, the overall capacity usage across all campuses is approximately 75%.

There is a high level of demand for GenEd's product in South Africa and new sites and acquisitions are constantly under review, always subject to rigorous investment criteria.

ARIA Property Group ("ARIA")

ARIA has continued with its strategy of recycling capital through the targeted disposals of mature assets. For this interim period, revenue decreased to R103.6 million (2020: R114 million), with the difference being largely attributable to ARIA owning fewer properties during the current six-month period than in the comparative. ARIA's contribution to group INAV has, however, increased due to positive fair value adjustments on interest rate swaps as well as the unwinding of interest rate swaps that expired during the interim period.

The loan to value of total borrowings in ARIA remains unchanged from the prior interim period at 67%, and just under 40% of its funding is at fixed rates. ARIA enjoys a 97.3% occupancy rate with a weighted average lease expiry of 3.5 years and no notable near-term lease expiries. Revenue collections have also normalised back to pre-Covid levels. The portfolio remains diversified across all commercial sectors (retail, office and industrial), with assets being underpinned by high-quality tenants.

ARIA continues to focus its attention on revenue enhancement, innovative value-add opportunities and redevelopments within the existing portfolio. ARIA is also seeking out high-quality off-market acquisitions of institutional quality assets to which it can add value via focused in-house asset management.

RESI Investment Group ("RESI") and other residential property investments

The rental market within which RESI operates is stable, with vacancies and collections being almost back to pre-Covid levels. However, net rentals are not growing in real terms. The low interest rate environment and the willingness of lenders to grant mortgages have meant that although net yields are under pressure, there is a high level of demand for the purchase of units in RESI's price bracket.

RESI's contribution to INAV has decreased since the prior financial year due to consistent sales of units, with the net proceeds from these sales included in group cash.

RESI contributed R1.7 million (2020: R2.3 million) to group profits from its 100%-held operations.

RESI continues to be a net seller of investment properties. During the interim period 70 units were sold at prices at or above their carrying values. These sales resulted in a cash profit of R16 million, however for accounting purposes this profit has been recognised as fair value adjustments over time.

The group's 50% investment in The Woodstock Hub (Pty) Limited, which holds residential and commercial properties in the Woodstock area in Cape Town, returned a loss of R1.1 million (2020: loss of R1.8 million) on RESI's 50% investment. Woodstock has proven to be a challenging area and we have been unable to generate commercially meaningful momentum since lockdown.

The Balwin Rentals associate has disposed of 37 units on the open market. The net proceeds from these sales will be used to repay shareholder loans. The current portfolio now consists of 215 (2020: 252) units and is achieving the projected yields. This is the only residential stock held outside of Cape Town.

RESI remains in disposal mode as far as mature stock is concerned but has retained a high-quality in-house team of residential experts and has sufficient capacity to take on new challenges should the opportunity arise. The RESI portfolio, which excludes Balwin Rentals, has 335 rental units at period-end.

Club Mykonos Langebaan ("CML")

CML remains a stable investment, contributing regular annuity income flows from rentals and profits from land and property sales. CML contributed R1.1 million to group profits (2020: R2.4 million). The decrease over the prior period is due to fewer property sales and rental relief granted to tenants during the Covid pandemic.

The resort's commercial operations have been relatively resilient and have outperformed many of its peers in the hospitality industry because the customer base is predominantly local and very diverse and does not rely on foreign tourism.

The solar plant which was commissioned in the 2020 financial year has been very successful and is operating ahead of budget.

Several additions to the resort's activities and facilities are planned, including a new charter boat, a world-class rope park (the first of its kind in Africa), a water park and e-scooters.

Various developments are under consideration and will be commenced as soon as the commercial environment is more conducive.

ASK Partners ("ASK")

ASK is a UK-based structured finance company that offers bespoke and flexible financing solutions to property developers in the UK.

ASK contributed R4.5 million to group profits (2020: R2.3 million) before a foreign currency loss of R8.7 million arising from the appreciation of the Rand relative to the British Pound at the reporting date.

By the end of February 2021 ASK had written loans in excess of £400 million. The loan book is continuously reviewed and ASK's management is confident that its borrowers and related security remain robust. The average loan to value of ASK's loan book is less than 65%.

ASK continues to exceed initial budgets and is on track to achieve Trematon's long-term return objectives.

SHARE BUY-BACKS

During the past six months the group repurchased 6.5 million of its own shares. The purchase of shares at a substantial discount to INAV (more than a 50% discount at times) increases the INAV attributable to the remaining shareholders on a tax effective and permanent basis. While share buy-backs have the side-effect of reducing liquidity in the shares, because these shares are permanently removed from the market, it is management's view that the resulting benefits to all shareholders currently outweigh the disadvantages.

INVESTMENT AND CAPITAL ALLOCATION AND STRATEGY

GenEd is growing fast in response to customer demand and will continue to be an area of investment focus in terms of both physical campuses and edutech. GenEd is already the largest single investment in the group portfolio and its growth potential suggests it will remain a major component for the next few years.

Over the past decade the group has had a major focus on commercial, residential and leisure property. These investments have proven to be stable generators of income and a source of capital return from focused development and redevelopment. We plan to continue some of this property focus and will retain our deal execution capacity in Cape Town, but management believes that generating high returns in this sector may prove challenging in the current environment, so property investments will be highly selective.

The group has cash and near cash resources available of approximately R200 million for deployment within existing businesses and new investments.

CHANGES TO THE BOARD AND BOARD COMMITTEES

During the period under review Mr AM Louw resigned as a non-executive director of the board.

Trematon has appointed Ms MA Sessions to the board. Ms Sessions will also serve on the audit and risk committee and remuneration committee.

We thank Mr Louw for his significant contribution over the years and welcome Ms Sessions to the board and look forward to the benefit of her knowledge and guidance.

STATEMENT OF FINANCIAL POSITION

	Notes	Unaudited At 28/29 February 2021 R'000	Unaudited At 28/29 February 2020 R'000	Audited At 31 August 2020 R'000
ASSETS				
Non-current assets		**2 141 793**	2 168 259	2 067 139
Property, plant and equipment		**340 930**	312 037	315 793
Right-of-use asset		**88 949**	–	–
Investment properties		**1 511 432**	1 666 781	1 548 183
Investments in joint ventures		**4 662**	7 268	5 832
Investments in associate entities		**118 311**	104 740	121 897
Loans receivable		**54 275**	60 415	52 695
Deferred tax asset		**23 234**	17 018	22 739
Current assets		**275 043**	199 668	230 573
Trade and other receivables		**27 112**	15 968	19 147
Investments		**6 392**	8 560	8 134
Inventory		**41 291**	44 030	42 081
Current tax assets		**370**	197	937
Cash and cash equivalents		**199 878**	130 913	160 274
Non-current assets held for sale	5	**25 674**	14 392	91 411
Total assets		**2 442 510**	2 382 319	2 389 123
EQUITY AND LIABILITIES				
Equity		**991 850**	1 043 168	1 025 820
Share capital and share premium		**240 935**	273 641	272 592
Treasury shares	4	**(136)**	(373)	(1 337)
Fair value reserve		**33 353**	33 353	33 353
Share-based payments reserve		**12 758**	11 518	12 355
Foreign currency translation reserve		**18 970**	10 930	27 670
Accumulated profit		**555 487**	559 262	554 162
Total equity attributable to equity holders of the parent		**861 367**	888 331	898 795
Non-controlling interest		**130 483**	154 837	127 025
Non-current liabilities		**991 436**	1 242 942	1 029 421
Loans payable		**758 776**	1 124 825	878 679
Derivatives		**12 177**	–	14 954
Trade and other payables		**29 697**	–	24 860
Lease liability		**86 451**	–	–
Deferred tax liability		**104 335**	118 117	110 928
Current liabilities		**459 224**	96 209	333 882
Loans payable		**368 230**	3 604	265 128
Current tax payable		**14 921**	7 328	609
Derivatives		**1 423**	–	1 192
Lease liability		**4 548**	–	–
Trade and other payables		**70 102**	85 277	66 953
Total equity and liabilities		**2 442 510**	2 382 319	2 389 123
Net asset value per share (cents)		**411**	411	416

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Unaudited Six months ended 28/29 February 2021 R'000	Unaudited Six months ended 28/29 February 2020 R'000	Audited Year ended 31 August 2020 R'000
Revenue	3	**200 688**	198 952	375 246
Realised profit/(loss) on financial assets at fair value through profit or loss		**1 089**	–	(244)
Realised (loss)/profit on sale of non-current assets		**(407)**	2 856	7 722
Total realised profit		**682**	2 856	7 478
Fair value adjustment on financial assets at fair value through profit or loss		**–**	(215)	(1 295)
Fair value adjustment on financial liabilities at fair value through profit or loss		**8 938**	–	(16 146)
Foreign exchange (losses)/gains		**(424)**	–	1 557
Fair value adjustment on investment properties	8	**(4 669)**	(3 046)	(7 712)
Decrease/(increase) in expected credit loss		**1 394**	–	(5 085)
Total profit/(loss) from fair value adjustments		**5 239**	(3 261)	(28 681)
Other income		**837**	850	2 080
Employee benefits		**(55 529)**	(44 760)	(81 482)
Cost of sales		**(4 279)**	(6 585)	(9 252)
Other operating expenses		**(88 089)**	(84 511)	(168 694)
Operating profit		**59 549**	63 541	96 695
Finance costs		**(49 748)**	(52 691)	(98 080)
Profit from equity accounted investments (net of tax)		**3 952**	889	3 498
Profit before income tax		**13 753**	11 739	2 113
Income tax		**(6 971)**	(7 582)	(4 746)
Profit/(loss) for the period/year		**6 782**	4 157	(2 633)
Other comprehensive income				
Items that are or may subsequently be reclassified to profit/(loss):				
Foreign currency translation differences on equity accounted investments		**(8 700)**	3 954	20 694
Other comprehensive income for the period/year		**(8 700)**	3 954	20 694
Total comprehensive income for the period/year		**(1 918)**	8 111	18 061
Profit attributable to:				
Equity holders of the parent		**1 325**	918	(4 182)
Non-controlling interest		**5 457**	3 239	1 549
		6 782	4 157	(2 633)
Total comprehensive income attributable to:				
Equity holders of the parent		**(7 375)**	4 872	16 512
Non-controlling interest		**5 457**	3 239	1 549
		(1 918)	8 111	18 061
Earnings per share				
Number of shares issued (thousands)		**209 542**	213 319	216 046
Weighted average number of shares (thousands)		**210 112**	215 116	214 050
Diluted weighted average number of shares (thousands)		**228 188**	233 191	214 050
Earnings per share (cents)		**0.6**	0.4	(2.0)
Diluted earnings per share (cents)		**0.6**	0.4	(2.0)

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	2 189	288 107	290 296	–
Total comprehensive income for the period	–	–	–	–
Profit for the period	–	–	–	–
Foreign exchange movements on investment in associate	–	–	–	–
Share-based payment	–	–	–	–
Restrictive shares issued in terms of share incentive scheme	9	2 408	2 417	–
Treasury shares cancelled	(26)	(6 953)	(6 979)	6 979
Treasury shares acquired	–	–	–	(7 352)
Capital distribution	–	(12 093)	(12 093)	–
Dividends declared to non-controlling interest	–	–	–	–
Balance at 29 February 2020	2 172	271 469	273 641	(373)
Balance at 1 March 2020	2 172	271 469	273 641	(373)
Total comprehensive income for the period	–	–	–	–
Loss for the period	–	–	–	–
Foreign exchange movements on investment in associate	–	–	–	–
Share-based payment	–	–	–	–
Treasury shares cancelled	(6)	(1 044)	(1 050)	1 050
Treasury shares acquired	–	–	–	(2 014)
Dividends declared to non-controlling interest	–	–	–	–
Balance at 31 August 2020	2 166	270 425	272 591	(1 337)
Balance at 1 September 2020	**2 166**	**270 425**	**272 591**	**(1 337)**
Total comprehensive income for the period	**–**	**–**	**–**	**–**
Profit for the period	**–**	**–**	**–**	**–**
Foreign exchange movements on investment in associate	**–**	**–**	**–**	**–**
Share-based payment	**–**	**–**	**–**	**–**
Treasury shares cancelled	**(71)**	**(15 501)**	**(15 572)**	**15 572**
Treasury shares acquired	**–**	**–**	**–**	**(14 371)**
Capital distribution	**–**	**(16 084)**	**(16 084)**	**–**
Dividends declared to non-controlling interest	**–**	**–**	**–**	**–**
Balance at 28 February 2021	**2 095**	**238 840**	**240 935**	**(136)**

Fair value reserve R'000	Share-based payment reserve R'000	Foreign currency translation reserve R'000	Accumulated profit/(loss) R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
33 353	11 770	6 976	558 344	900 739	156 005	1 056 744
–	–	3 954	918	4 872	3 239	8 111
–	–	–	918	918	3 239	4 157
–	–	3 954	–	3 954	–	3 954
–	2 165	–	–	2 165	–	2 165
–	(2 417)	–	–	–	–	–
–	–	–	–	–	–	–
–	–	–	–	(7 352)	–	(7 352)
–	–	–	–	(12 093)	–	(12 093)
–	–	–	–	–	(4 407)	(4 407)
33 353	11 518	10 930	559 262	888 331	154 837	1 043 168
33 353	11 518	10 930	559 262	888 331	154 837	1 043 168
–	–	16 740	(5 100)	11 640	(1 690)	9 950
–	–	–	(5 100)	(5 100)	(1 690)	(6 790)
–	–	16 740	–	16 740	–	16 740
–	838	–	–	838	–	838
–	–	–	–	–	–	–
–	–	–	–	(2 014)	–	(2 014)
–	–	–	–	–	(26 121)	(26 121)
33 353	12 356	27 670	554 162	898 795	127 026	1 025 821
33 353	**12 356**	**27 670**	**554 162**	**898 795**	**127 026**	**1 025 821**
–	**–**	**(8 700)**	**1 325**	**(7 375)**	**5 457**	**(1 918)**
–	**–**	**–**	**1 325**	**1 325**	**5 457**	**6 782**
–	**–**	**(8 700)**	**–**	**(8 700)**	**–**	**(8 700)**
–	**402**	**–**	**–**	**402**	**–**	**402**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(14 371)**	**–**	**(14 371)**
–	**–**	**–**	**–**	**(16 084)**	**–**	**(16 084)**
–	**–**	**–**	**–**	**–**	**(2 000)**	**(2 000)**
33 353	**12 758**	**18 970**	**555 487**	**861 367**	**130 483**	**991 850**

STATEMENT OF CASH FLOW

	Unaudited Six months ended 28/29 February		Audited Year ended 31 August
	2021 R'000	2020 R'000	2020 R'000
Cash flows from operating activities			
Cash generated from operations	**83 700**	82 494	112 625
Finance income	**4 335**	5 805	7 875
Finance costs	**(45 471)**	(52 691)	(98 080)
Tax paid	**(386)**	(940)	(17 887)
Dividends paid to non-controlling interest	**(2 000)**	–	(22 896)
Net cash from operating activities	**40 178**	34 668	(18 363)
Cash flows from investing activities			
Acquisition of and addition to property, plant and equipment	**(29 360)**	(71 369)	(81 452)
Acquisition of and addition to investment properties	**(4 900)**	(16 588)	(5 187)
Proceeds on disposal of non-current assets	**30 557**	9 272	35 113
Proceeds on disposal of joint venture	**–**	–	19 382
Loans receivable repaid	**237**	3 052	9 699
Loan advanced to joint ventures and associates	**(3 100)**	(2 250)	(5 050)
Loans repaid by joint ventures and associates	**1 840**	4 000	7 391
Shares repurchased by associate	**–**	5 086	4 566
Acquisition of held-for-trading and available-for-sale investments	**–**	(2 000)	(2 967)
Proceeds from disposal of investments	**1 742**	1 000	55
Net cash from investing activities	**(2 984)**	(69 798)	(18 450)
Cash flows from financing activities			
Acquisition of treasury shares	**(14 371)**	(7 352)	(9 365)
Capital distribution	**(16 084)**	(12 093)	(12 093)
Dividends paid to non-controlling interest	**–**	(4 407)	–
Decrease in borrowings	**(135)**	(7 937)	(1 606)
Increase in borrowings	**33 424**	51 399	72 161
Net cash from financing activities	**2 834**	19 610	49 097
Net increase/(decrease) in cash and cash equivalents	**40 028**	(15 520)	12 284
Foreign exchange translation adjustment on cash and cash equivalents	**(424)**	–	1 557
Cash and cash equivalents at the beginning of the period/year	**160 274**	146 433	146 433
Cash and cash equivalents at the end of the period/year	**199 878**	130 913	160 274

NOTES

1. Presentation of consolidated results

Trematon Capital Investments Limited (the "company") is a company domiciled in South Africa. The unaudited interim consolidated results of the company for the period ended 28 February 2021 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in joint ventures and associates.

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

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

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

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

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

2. Headline earnings per share reconciliation

	Unaudited Six months ended 28/29 February				Audited Year ended 31 August	
	Gross 2021 R'000	**Net 2021 R'000**	Gross 2020 R'000	Net 2020 R'000	Gross 2020 R'000	Net 2020 R'000
Profit/(loss) attributable to equity holders of the parent		**1 325**		918		(4 182)
Fair value adjustment on investment properties	**4 669**	**2 680**	3 046	1 146	7 712	3 024
Fair value adjustments within equity accounted profits	**–**	**–**	365	170	(3 689)	(1 718)
Realised loss/(profit) on sale of non-current assets	**407**	**316**	(2 856)	(2 216)	(7 722)	(4 090)
Headline earnings		**4 321**		18		(6 966)
Headline earnings per share (cents)		**2.1**		0.01		(3.3)
Diluted headline earnings per share (cents)		**1.9**		0.01		(3.3)

NOTES (CONTINUED)

	Unaudited Six months ended 28/29 February		Audited Year ended 31 August
	2021 R'000	2020 R'000	2020 R'000
3. Revenue			
Rental income	**122 131**	134 362	259 809
Sale of property and land	**2 438**	4 619	6 670
Administration fee income	**1 173**	–	1 493
Education and registration fee income	**61 744**	43 138	79 981
Other education income	**2 595**	4 732	6 539
Services and other revenue	**3 008**	2 668	5 937
Commission received	**2 818**	3 628	4 426
	195 907	193 147	364 855
Investment revenue			
Dividend income	**446**	–	–
Interest income	**4 335**	5 805	10 391
	4 781	5 805	10 391
	200 688	198 952	375 246
Timing of revenue recognition			
At a point in time	**10 859**	15 647	23 573
Over time	**62 917**	43 138	81 474
Straight-line basis	**122 131**	134 362	259 808
	195 907	193 147	364 855
4. Treasury shares			
Number of shares held at period/year-end	**60 196**	–	664 539
5. Non-current assets held for sale			
Carrying value	**25 674**	14 392	91 411

Non-current assets held for sale at the interim period relate to properties owned by RESI where sale agreements have been entered into before the reporting period-end and therefore meet the definition of non-current assets held for sale.

6. Related parties			
Related party transactions			
(Loss)/profit from equity accounted joint ventures	**(1 162)**	(1 510)	651
Profit from equity accounted associates	**5 114**	2 399	2 847
Directors' emoluments	**4 673**	4 191	10 715
Related party balances			
Loans to joint ventures	**28 102**	26 202	25 638
Loans to associates	**5 980**	8 782	7 583

7. Segmental information

	Property investments R'000	Education R'000	UK investments R'000	Corporate and other R'000	Total R'000
Unaudited six months ended 28 February 2021					
Revenue	**133 705**	**65 166**	**–**	**1 817**	**200 688**
Revenue – at a point in time	**8 264**	**2 595**	**–**	**–**	**10 859**
– over time	**1 173**	**61 744**	**–**	**–**	**62 917**
– straight-line basis	**122 131**	**–**	**–**	**–**	**122 131**
Profit before tax	**13 386**	**(2 162)**	**5 558**	**(3 029)**	**13 753**
Total assets	**1 778 052**	**450 634**	**118 261**	**95 563**	**2 442 510**
Total liabilities	**1 197 475**	**250 563**	**–**	**2 622**	**1 450 660**
Unaudited six months ended 29 February 2020					
Revenue	153 926	45 026	–	–	198 952
Revenue – at a point in time	15 647	–	–	–	15 647
– over time	–	43 138	–	–	43 138
– straight-line basis	134 362	–	–	–	134 362
Profit before tax	8 790	(1 054)	2 247	1 756	11 739
Total assets	1 924 142	331 986	103 648	22 543	2 382 319
Total liabilities	1 318 076	20 070	–	1 005	1 339 151
Audited year ended 31 August 2020					
Revenue	287 011	86 520	–	1 715	375 246
Revenue – at a point in time	17 034	6 539	–	–	23 573
– over time	1 493	79 981	–	–	81 474
– straight-line basis	259 808	–	–	–	259 808
Profit 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	1 239 898	122 067	–	1 338	1 363 303

NOTES (CONTINUED)

8. Fair value measurement

Interest rate swaps (financial instruments)

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. Interest rate swaps are classified as level 2 financial instruments and the fair value of the interest rate swap liability at 28 February 2021 is equal to R13.6 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.

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
February 2021				
Retail	Income approach	**9.0 – 9.5**	**0.0 – 7.5**	**N/A**
Commercial	Income approach and market approach	**8.59 – 9.69**	**0.0 – 5.0**	**R2 500 – R8 500**
Industrial	Income approach	**9.35 – 13.07**	**3.0 – 7.5**	**N/A**
Residential	Market approach	**N/A**	**N/A**	**R3 816 – R17 765**
Schools	Market approach	**N/A**	**N/A**	**R8 916 – R27 419**
February 2020				
Retail	Income approach	8.54 – 12.0	0.0 – 4.0	N/A
Commercial	Income approach and market approach	8.27 – 9.25	0.0	R2 500 – R10 000
Industrial	Income approach	9.25 – 10.65	0.0 – 10.0	N/A
Residential	Market approach	N/A	N/A	R3 801 – R17 765
Schools	Market approach	N/A	N/A	R8 216 – R18 626
August 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	R2 500 – R8 500
Industrial	Income approach	9 – 12.8	0.0 – 10.0	N/A
Residential	Market approach	N/A	N/A	R3 816 – R17 765
Schools	Market approach	N/A	N/A	R8 916 – R21 572

8. Fair value measurement (continued)

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:

		Unaudited Six months ended 28/29 February		Audited Year ended 31 August
Input	Change %	**2021 R'000**	2020 R'000	2020 R'000
Increase in capitalisation rate	0.5	**(62 276)**	(66 234)	(67 549)
Decrease in capitalisation rate	0.5	**62 276**	66 234	75 185
Increase in vacancy rate	2.0	**(24 920)**	(27 198)	(27 795)
Decrease in vacancy rate	2.0	**24 920**	27 198	18 518
Increase in Rands per sqm	10.0	**124 598**	132 557	49 057
Decrease in Rands per sqm	10.0	**(124 598)**	(132 557)	(49 057)

9. Subsequent events

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

10. Going concern

The unaudited interim results 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.

The impact of Covid-19 has been considered after the six months ended 28 February 2021 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 issuing the impact is not considered to be material.

INTRINSIC VALUE REPORT

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

The intrinsic net asset value report below illustrates the intrinsic net asset value of all investment categories of the group for the period ended 28 February 2021. The preparation of the intrinsic net asset value is the responsibility of the directors of Trematon. The intrinsic net asset value has been prepared to assist investors in analysing future prospects of the group.

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

		Intrinsic value		
	Notes	**February 2021 R'000**	February 2020 R'000	August 2020 R'000
Club Mykonos Langebaan	1	**150 636**	153 565	157 597
Aria Property Group	2	**189 787**	226 969	184 366
Resi Investment Group	3	**127 275**	148 341	141 265
Generation Education	4	**398 507**	359 461	378 078
ASK Partners	5	**113 581**	109 148	117 329
Other	6	**30 746**	43 487	33 649
Cash	7	**100 242**	46 306	109 264
Total		**1 110 775**	1 087 277	1 121 549
Number of net shares in issue (thousands)	8	**209 543**	213 319	216 046
INAV per share (cents)		**530**	510	519

Notes

1. CML has been valued by using directors' valuations. The decrease in INAV since the previous financial year-end was due to the sale of properties at the resort with the proceeds being included in group cash.
2. ARIA has been valued by using directors' valuations. The net increase in INAV since the financial year-end is due to the fair value adjustment of interest rate swaps to the value of R9 million and negative fair value adjustments of circa R3 million.
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 since the previous financial year-end was due to the sale of properties with the net cash proceeds distributed to Trematon. The cash received by Trematon is included in cash in this INAV report.
4. GenEd has been valued using a discounted cash flow method. The new school operation in Somerset West, Cape Town has not been included in this valuation as the school has only been operational for over a month and will be included in the year-end results in August 2021. School properties under development are carried at cost. Capital expenditure on new school fit-out and building extensions have been included at a cost of R20.4 million.
5. ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value decreased since the prior financial year-end due to the increase in value of the Rand to the British Pound.
6. Other includes listed shares and other minor assets less related debt.
7. Current year's cash includes cash from all investments, other than ARIA, which is included in its respective INAV. The increase over the prior year is due to distributions received from ARIA and RESI net of capital invested in GenEd.

8 During the period 6.5 million treasury shares were purchased by the company at an average price of R2.21 per share.

TREMATON CAPITAL INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
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Auditor

Mazars

Published date

30 April 2021

Prepared by

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

TREMATON
Capital Investments Limited