TREMATON
Capital Investments Limited

PRELIMINARY CONDENSED CONSOLIDATED RESULTS

FOR THE YEAR ENDED 31 AUGUST 2022

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 investment.

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 hours 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 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

AGAINST A BACKDROP OF UNCERTAINTY AND VOLATILITY BROUGHT ABOUT BY ESCALATING LEVELS OF GLOBAL GEOPOLITICAL TENSIONS AND LOCAL SOCIO-ECONOMIC PRESSURES, THERE HAS BEEN CONSISTENCY AND CONTINUITY IN TREMATON'S STRATEGIC APPROACH TO SHIFTING THE MIX OF THE GROUP'S PORTFOLIO AWAY FROM ITS TRADITIONAL CAPITAL-HEAVY CONCENTRATION IN PROPERTY INVESTMENTS TOWARDS PRIVATE EDUCATION AND RELATED EDUTECH BUSINESSES, AND OF RETURNING SURPLUS CAPITAL TO OUR SHAREHOLDERS.

Our approach over the past three financial years has been founded on the following key strategies:

- Reduce exposure to our mature property businesses through realisation of assets as and when market conditions allow for profitable disposals.
- Position our property businesses for longer-term realisation of assets in more favourable market conditions through proactive and creative asset management.
- Redeploy capital released from our property businesses to invest in the expansion of our growth and start-up businesses in the private education sector.
- Ration our internal utilisation of capital through the application of capital-light business models and structures in our acquisitions and investments.
- Maintain a strong balance sheet and liquidity position to cater for contingencies, investment commitments and new business opportunities.
- Return surplus capital to shareholders via opportunistic share buy-backs and enhanced annual distributions to the extent liquidity allows.

Within our property cluster, comprising ARIA, CML and RESI – all of our businesses are at the stage of their life cycle where their respective management teams are focused primarily on operational performance, proactive asset management and incremental value enhancement with a view to possible portfolio sales or individual asset realisations as and when market conditions allow, rather than on investing any significant new capital.

To the extent that these property businesses are each focused on a different sector of the market – ARIA in commercial and industrial, CML in leisure/resort and RESI primarily in residential – current conditions dictate varying strategies and timelines in realising optimal value out of their respective portfolios.

We have contributed no further capital into our investment in financial services, comprising a minority interest in ASK in the UK, albeit that ASK itself is a rapidly growing business, but are recovering our loan funding and initial equity as ASK's sterling-denominated syndicated loans are redeemed over their contractual periods. Subsequent to year-end we have repatriated c. £4 million (R82.9 million) from our offshore sterling deposits to fund the payment of this year's distribution to shareholders.

The high growth potential of our portfolio lies in our education cluster, comprising our established bricks-and-mortar private schools business (GenEd) and our start-up on-line EduTech business, GenEx. So this is where we have focused the bulk of our capital expenditure over the past three years, although we have still to reach the capacity utilisation or achieve the operating efficiencies needed to yield the desired return on the substantial capital we have invested.

While the financial year ended 31 August 2022 ("FY2022") was a watershed year for our education cluster, to the extent that for the first time GenEd made an operating profit and GenEx secured its first third-party fee-paying customers, the impact of important strategic decisions taken and operational steps initiated during the 2022 academic year will only become evident on the operating profitability and intrinsic value of these businesses beyond FY2022.

Given the limitations posed by the economic environment and market conditions, Trematon's portfolio shift will necessarily take several years, but the ongoing realisation of assets in our mature property businesses and the consequent redeployment of this capital into our growing education businesses makes it quite conceivable that Trematon could be transformed from primarily a property-focused investment-holding company to an education-focused operating group within the medium term. Although the FY2022 financial statements, and especially the intrinsic net asset value ("INAV") report, might not indicate that there were material movements in the group's portfolio over this past financial year, the board is satisfied that the underlying momentum in and operating performance of all our businesses will yield more substantial changes in the composition and profile of the group over the next two years.

As a result of healthy operating cash flows generated and relatively limited capital expenditure committed in the group's component businesses, and of judicious management of the group's borrowings and liquidity by the central treasury function, the board found ourselves again at the end of FY2022 where Trematon has both a conservatively geared balance sheet and strong cash reserves in South Africa of c. R200 million with a further c. R80 million available in our UK-based associate.

Applying the same strategic approach to the period ahead, taking into account the diminished need for a "contingency reserve" for post-Covid eventualities and an "investment fund" for opportunistic acquisitions, allowing for committed capital expenditure on approved projects and for potential expansionary capital in our education businesses, and following our intent to return surplus capital to shareholders, the board is pleased to declare a distribution of 40.0 cents per share for FY2022. This will bring the cumulative distributions to shareholders over the past three financial years to 77.5 cents per share, after the 7.5 cents distributed in FY2020 and 30.0 cents in FY2021.

While these substantially enhanced distributions in recent years, by comparison to Trematon's historic distribution track record, have the obvious effect of reducing the group's INAV per share and of decreasing the size of the group's balance sheet, the board is comfortable that the group has adequate access to the capital, liquidity, expertise and resources needed to optimise the real opportunity presented by the growing profile, presence and scale of our bricks-and-mortar schools and EduTech businesses at a time when the market is again starting to take notice of the potential in private education.

Although we face challenging times both on the global stage and on the local front over the period ahead of us, the board remains confident that we are on the right track and trajectory towards shifting Trematon's business model from a capital-heavy property investment focus to a capital-light education services group over this period, and that we have strong and capable leadership in place under our CEO Arnold Shapiro to guide the group and our underlying businesses through this ongoing transition.

Robin Lockhart-Ross
Independent non-executive Chairman

CHAIRMAN
ROBIN LOCKHART-ROSS

CEO'S AND CFO'S JOINT REPORT

RESULTS

Group intrinsic net asset value was stable after adjusting for capital distributions. Property in general has not generated good returns over the past year but 95% of the group's property investments are based in the Western Cape and are in good nodes, well managed and well tenanted, so values have been maintained.

A significant portion of the residential property portfolio was converted into cash during the year. This, combined with some sales of units at Club Mykonos and the maturing of ASK syndications in the UK, has resulted in an increase in cash and near cash balances at year-end which has enabled another capital distribution to shareholders. The group has retained sufficient cash reserves for the planned expansion of the bricks-and-mortar school business and GenEx (our EduTech platform).

Group revenue increased by 22% to R489.5 million (2021: R402.5 million). Revenue from commercial property increased by 17% mainly due to the acquisition of the Riverside Mall in ARIA, while residential property revenue decreased by 34% due to the residential property disposals made during the year. Education revenue increased by 29% from increased student numbers and fee increases.

Group results improved significantly over the prior year with a profit of R34.5 million being realised compared to a loss of R8.7 million in the prior year. The main reasons for the increased profits are improved operating results in GenEd and the property segments of the group. Negative fair value adjustments on investment properties and an impairment of the loan to the Woodstock Hub ("WSH") joint venture that were recognised in the prior financial year were not repeated in the current year.

Profit from equity accounted investments was R10 million (2021: R11.9 million). R9 million was earned from ASK, our UK-based associate, which continues to perform well and meet expectations. A further dividend was also received totalling R3 million during the year. The profit from ASK was off-set by the strengthening of the Rand to the Pound which resulted in a negative adjustment to the foreign currency translation reserve of R3 million. The investment in Balwin Rentals was disposed of during the year. It earned an equity accounted profit of R0.9 million up to the date of sale and a further dividend on disposal of R4.6 million.

DISTRIBUTIONS INCREASED BY 33%

TO 40 CENTS (2021: 30 CENTS) PER SHARE

CHIEF EXECUTIVE OFFICER
ARNOLD SHAPIRO

CHIEF FINANCIAL OFFICER
ARTHUR WINKLER

EARNINGS PER SHARE INCREASED BY **205% TO 8.3 CENTS**

(2021: LOSS OF 7.9 CENTS)

The above translates to earnings of 8.3 cents per share (2021: loss of 7.9 cents per share), with headline earnings of 8.7 cents per share increasing from 2.1 cents in the prior year.

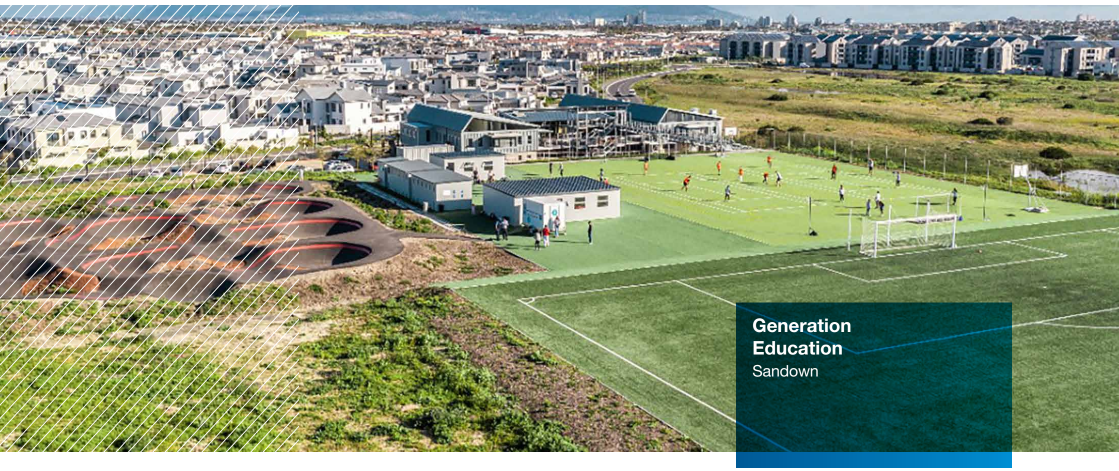
The group's net profit is negatively affected by non-cash flow IFRS adjustments amounting to R9.5 million. When excluded, the cash profits amount to R44 million (2021: R13 million). This equates to cash earnings of 20.2 cents per share (2021: 6.3 cents per share).

There were no material valuation movements in INAV so the decline in INAV and INAV per share is simply reflective of the capital distribution of 30 cents per share made at the end of the prior calendar year as well as the increase in issued share capital from the directors converting their debentures to ordinary shares in terms of the Trematon Share Incentive Scheme.

GenEd represents 38% of Trematon's INAV, making it the single-largest investment in the group and it continues to have the fastest growth trajectory in the portfolio. More than a third of turnover at year-end was attributable to Education. GenEd has increased profitability in the current year, but still shows a net loss for the year. The accounting loss is due to non-cash IFRS adjustments, while GenEd is cash flow positive before these adjustments. The IFRS adjustments are a result of the accounting treatment on the Somerset West campus lease which is owned by a third party. Additionally, the Somerset West campus is not yet profitable which depresses the overall results for GenEd.

The bricks-and-mortar school business is maturing although it is not yet operating at optimal efficiency. Metrics will improve as the capacity usage increases. Somerset West is the only school that is not operating profitably but we are confident that the unique Generations offering will find sufficient support from the Somerset West basin, as customers begin to understand the benefits of our curriculum when compared to the many excellent, but more conventional schools in the area.

The group's Western Cape property investments are still an important component of INAV and revenue. In the residential portfolio, the group has continued to take advantage of a buoyant residential property market for entry-level apartments and has been able to sell a large amount of its properties at attractive prices. ARIA, our commercial property arm, concluded the acquisition of Riverside Mall in Rondebosch and is performing well when compared to its peer group in the Western Cape. CML, which owns commercial, leisure and development properties in Langebaan, has been a very stable cash generator due to its loyal repeat customer base and should improve further as trading conditions normalise.



Generation Education
Sandown

HEADLINE EARNINGS PER SHARE INCREASED BY

314% TO 8.7 CENTS

(2021: 2.1 CENTS)

INAV, which provides investors with a realistic evaluation of Trematon's performance and value after providing for taxes, decreased to 487 cents per share from 536 cents in the previous year:

- GenEd's contribution to INAV remained flat compared to the prior year, although the group did report increased profitability during the year.
- ARIA's contribution to INAV increased slightly during the year, mainly due to increased operating profits and positive mark-to-market of interest rate swaps. Property values within ARIA remained mostly unchanged compared to the prior year.
- CML realised a cash profit for the year of R9 million; however, after non-cash IFRS adjustments of R13.5 million, an accounting loss of R4.5 million was recognised. This, together with an increase in bank borrowings and sales of residential units, has resulted in a decrease in CML's INAV at year-end.
- ASK continues to perform well, increasing its INAV contribution by 18%. The business has met all budgets and expectations since acquisition and contributed R9 million to group equity accounted earnings. In addition, a R3 million dividend was received.
- RESI's contribution to INAV continues to decrease in line with the property sales during the year with the net cash proceeds included in group cash on hand.

At year-end, the group has consolidated cash reserves in South Africa of R202.8 million with access to a further R82 million of cash being held within ASK Pound-denominated accounts as well as R24.6 million in short-dated syndications based on the Rand:Pound exchange rate at year-end.

ARIA Property Group
Riverside Mall

DISTRIBUTIONS

During the year, the distribution of 30 cents per share declared after the 2021 year-end was paid. This year's distribution has increased to 40.0 cents per share, representing an increase of 33% from the prior year.

SHARE BUY-BACKS

During the year Trematon repurchased 0.9 million shares. These 0.9 million shares were reverted to authorised unissued share capital.

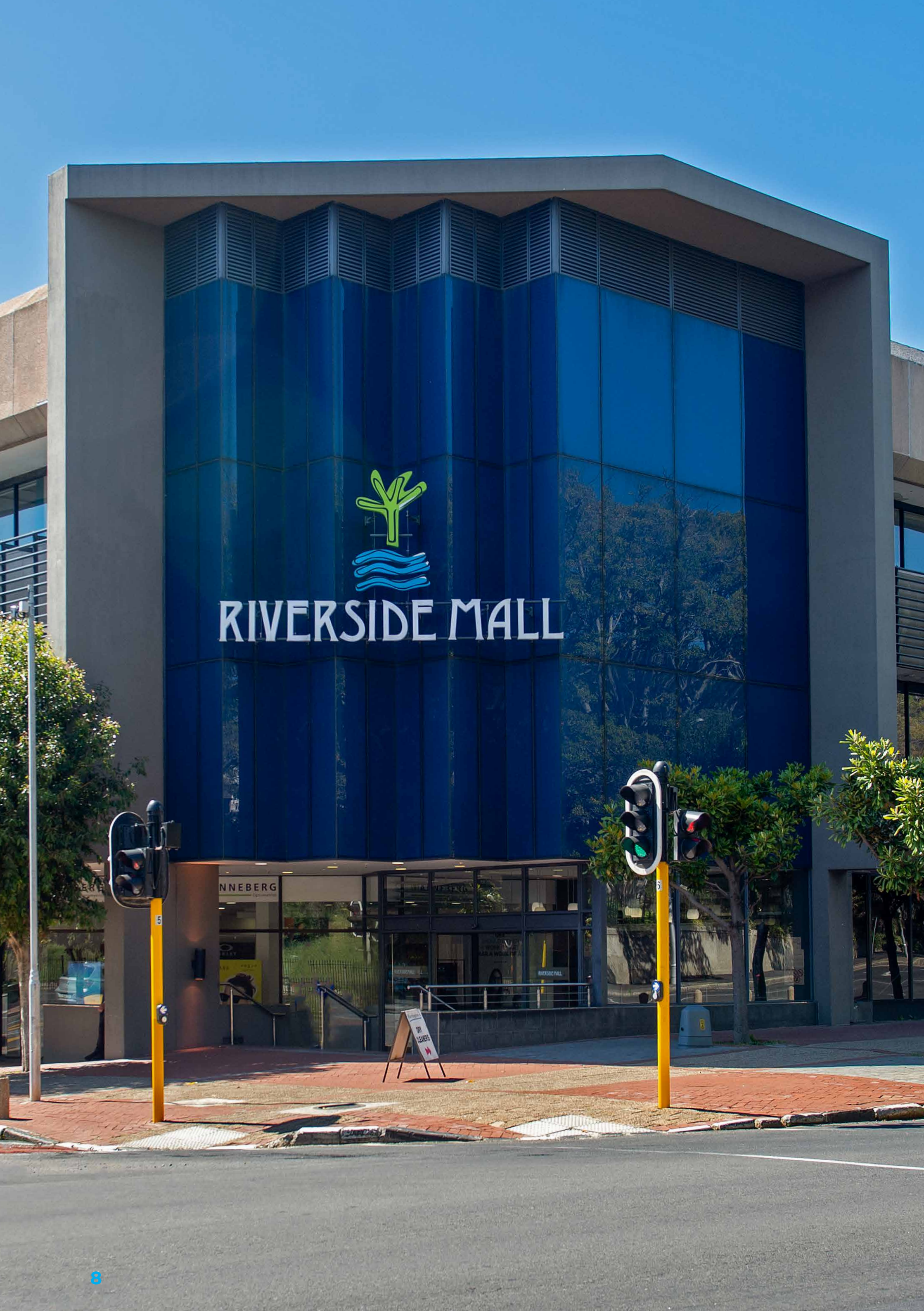
Arnold Shapiro
Chief Executive Officer

Arthur Winkler
Chief Financial Officer

INTRINSIC NET ASSET VALUE PER SHARE DECREASED BY

9% TO 487 CENTS

(2021: 536 CENTS) IN LINE WITH CAPITAL DISTRIBUTIONS TO SHAREHOLDERS OF 30 CENTS PER SHARE IN DECEMBER 2021 AND AN INCREASE IN ISSUED SHARE CAPITAL


RIVERSIDE MALL

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	Reviewed 31 August 2022 R'000	Audited 31 August 2021 R'000
ASSETS			
Non-current assets		**2 120 373**	2 073 368
Property, plant and equipment	2	**356 843**	345 119
Investment properties	3	**1 461 914**	1 481 254
Right-of-use asset		**65 828**	70 765
Investments in associate entities		**127 628**	125 277
Loans receivable	4	**64 523**	28 095
Deferred tax asset		**43 637**	22 858
Current assets		**266 518**	263 443
Financial assets at fair value through profit or loss		**6 392**	6 392
Inventories		**42 135**	41 663
Current tax		**3 770**	642
Derivatives		**2 055**	–
Trade and other receivables		**9 369**	11 251
Cash and cash equivalents		**202 797**	203 495
Non-current assets held-for-sale	5	**114 426**	6 893
Total assets		**2 501 317**	2 343 704
EQUITY AND LIABILITIES			
Equity		**970 798**	964 458
Share capital and share premium	6	**208 034**	238 465
Fair value reserve	2	**47 073**	33 353
Foreign currency translation reserve		**10 281**	13 324
Share-based payment reserve	6	**–**	13 161
Accumulated profit		**569 129**	537 662
Total equity attributable to equity holders of the parent		**834 517**	835 965
Non-controlling interest		**136 281**	128 493
Liabilities			
Non-current liabilities		**1 416 258**	1 214 215
Loans payable	6	**1 186 737**	996 347
Derivatives	7	**295**	8 964
Trade and other payables	8	**44 132**	39 714
Lease liability		**75 127**	74 138
Deferred tax liability		**109 967**	95 052
Current liabilities		**114 261**	165 031
Loans payable	6	**41 938**	103 247
Current tax		**373**	609
Derivatives	7	**30**	2 003
Lease liability		**6 962**	3 886
Trade and other payables	8	**64 958**	55 286
Total liabilities		**1 530 519**	1 379 246
Total equity and liabilities		**2 501 317**	2 343 704
Net asset value per share (cents)		**370**	401

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Reviewed Year ended 31 August 2022 R'000	Audited Year ended 31 August 2021 R'000
Revenue	14	489 459	402 540
Profit from property operations		120 970	103 233
Revenue – property		304 043	260 403
Cost of property and land sold		–	(718)
Employee benefits – property		(30 025)	(20 640)
Operating expenses – property		(153 048)	(135 812)
Profit(/loss) from education operations		551	(6 782)
Revenue – education		179 007	138 532
Employee benefits – education		(106 420)	(84 821)
Operating expenses – education		(72 036)	(60 493)
Loss from other operations		(7 856)	(9 316)
Revenue – other		6 409	3 605
Employee benefits – other		(11 578)	(11 072)
Operating expenses – other		(2 687)	(1 849)
Profit from equity accounted investments		9 969	11 945
Loss from equity accounted joint venture (net of tax) – property		–	(5 832)
Profit from equity accounted associate (net of tax) – property		919	3 131
Profit from equity accounted associates (net of tax) – other		9 050	14 646
Total operating profit		123 634	99 080
Total realised profit		1 305	3 524
Realised profit on financial assets at fair value through profit or loss		–	1 089
Realised profit on sale of non-current assets		1 305	2 435
Total loss from fair value adjustments		8 032	(16 679)
Fair value adjustment on investment properties	3	(2 464)	(10 277)
Fair value adjustment on financial liabilities at fair value through profit or loss	8	12 696	11 572
Impairment of loan		(1 579)	(20 683)
Foreign exchange gain/(loss)		190	(739)
(Increase)/decrease in loss allowance		(811)	3 448
Other income		5 053	852
Profit before finance costs		138 024	86 777
Total finance costs		(94 863)	(90 208)
Finance costs – property		(76 417)	(76 024)
– education		(18 446)	(14 034)
– other		–	(150)
Profit/(loss) before income tax		43 161	(3 431)
Income tax		(8 642)	(5 221)
Profit/(loss) for the year		34 519	(8 652)

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

(continued)

	Notes	Reviewed Year ended 31 August 2022 R'000	Audited Year ended 31 August 2021 R'000
Other comprehensive income/(loss)			
Items that will not subsequently be reclassified to profit/(loss):			
Fair value gain on revaluation of property, plant and equipment		17 499	–
Tax effects of revaluation		(3 779)	–
Items that are or may subsequently be reclassified to profit/(loss):			
Foreign currency translation differences on equity accounted investments		(3 043)	(14 346)
Other comprehensive income/(loss) for the year		10 677	(14 346)
Total comprehensive income/(loss) for the year		45 196	(22 998)
Profit/(loss) attributable to:			
Equity holders of the parent		18 306	(16 500)
Non-controlling interests		16 213	7 848
		34 519	(8 652)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent		28 983	(30 846)
Non-controlling interests		16 213	7 848
		45 196	(22 998)
Basic earnings/(loss) per share (cents)		8.3	(7.9)
Diluted earnings/(loss) per share (cents)		8.1	(7.9)

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 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	–
Balance at 1 September 2021	**2 087**	**236 378**	**238 465**	**–**
Total comprehensive income for the year	**–**	**–**	**–**	**–**
Profit for the year	**–**	**–**	**–**	**–**
Foreign exchange movements on investment in associate	**–**	**–**	**–**	**–**
Fair value gain on revaluation of property, plant and equipment	**–**	**–**	**–**	**–**
Tax effects on revaluation	**–**	**–**	**–**	**–**
Restricted shares issued in terms of share incentive scheme	**181**	**39 774**	**39 955**	**–**
Treasury shares cancelled	**(9)**	**(2 373)**	**(2 382)**	**2 382**
Treasury shares acquired	**–**	**–**	**–**	**(2 382)**
Capital distribution	**–**	**(68 004)**	**(68 004)**	**–**
Dividends declared to non-controlling interest	**–**	**–**	**–**	**–**
Balance at 31 August 2022	**2 259**	**205 775**	**208 034**	**–**
Note				11

Share-based payment reserve R'000	Foreign currency translation reserve R'000	Fair value reserve R'000	Accumulated profit R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
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
13 161	**13 324**	**33 353**	**537 662**	**835 965**	**128 493**	**964 458**
–	**(3 043)**	**13 720**	**18 306**	**28 983**	**16 213**	**45 196**
–	**–**	**–**	**18 306**	**18 306**	**16 213**	**34 519**
–	**(3 043)**	**–**	**–**	**(3 043)**	**–**	**(3 043)**
–	**–**	**17 499**	**–**	**17 499**	**–**	**17 499**
–	**–**	**(3 779)**	**–**	**(3 779)**	**–**	**(3 779)**
(13 161)	**–**	**–**	**13 161**	**39 955**	**–**	**39 955**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(2 382)**	**–**	**(2 382)**
–	**–**	**–**	**–**	**(68 004)**	**–**	**(68 004)**
–	**–**	**–**	**–**	**–**	**(8 425)**	**(8 425)**
–	**10 281**	**47 073**	**569 129**	**834 517**	**136 281**	**970 798**

CONDENSED STATEMENT OF CASH FLOWS

	Reviewed Year ended 31 August 2022 R'000	Audited Year ended 31 August 2021 R'000
Cash flows from operating activities		
Cash generated from operations	**141 386**	120 442
Finance income	**6 955**	7 872
Dividends received	**7 559**	444
Finance costs	**(90 798)**	(86 240)
Taxation paid	**(21 413)**	(20 923)
Dividends paid to non-controlling interest	**(7 285)**	(4 880)
Net cash inflow from operating activities	**36 404**	16 715
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(14 617)**	(41 298)
Acquisition of and addition to investment properties	**(7 532)**	(4 993)
Proceeds on disposal of non-current assets	**31 212**	68 574
Loans receivable repaid	**6 892**	–
Loans receivable advanced	**(250)**	–
Loans advanced to joint ventures and associates	**(3 629)**	(4 600)
Loans repaid by joint ventures and associates	**300**	8 198
Proceeds on disposal of investments	**–**	2 830
Net cash inflow from investing activities	**12 376**	28 711
Cash flows from financing activities		
Acquisition of treasury shares	**(2 381)**	(16 705)
Capital distribution	**(68 004)**	(16 084)
Decrease in borrowings	**–**	(2 734)
Increase in borrowings	**20 716**	34 057
Net cash outflow from financing activities	**(49 669)**	(1 466)
Net (decrease)/increase in cash and cash equivalents	**(889)**	43 960
Foreign exchange translation adjustment on cash and cash equivalents	**191**	(739)
Cash and cash equivalents at the beginning of the year	**203 495**	160 274
Total cash and cash equivalents at the end of the year	**202 797**	203 495

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 2022 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 14 November 2022.

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 Financial Reporting Guides as issued by the Accounting Practices Committee, 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.

No new standards and interpretations were adoped by the group during the year.

The results are stated in Rands, which is the group'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.

In the February 2021 Budget Speech it was announced that the corporate tax rate will reduce from 28% to 27% for years of assessment commencing on or after 1 April 2022. The change in tax rate is considered to be substantively enacted and the deferred tax closing balances for the current year are recognised at 27%. The change in tax rate resulted in a R2.5 million decrease in the group's deferred tax liability.

Significant movements during the year

2. Property, plant and equipment

The increase is mainly due to the revaluation of the Sandown school campus that was upgraded during the year. This is also reflected in the increase in the fair value reserve.

3. Investment property

In the current year, ARIA purchased the Riverside Mall in Rondebosch, Cape Town while the RESI group disposed of various residential investment properties.

4. Loans receivable

Loans receivable increased as a result of the loans from the Trematon Share Incentive Trust being transferred to the directors after the convertion of their convertible debentures to ordinary shares in the company in terms of the share incentive scheme entered into with the directors.

5. Non-current assets held-for-sale

Non-current assets held-for-sale relate to properties held by RESI where sale agreements were entered into before year-end or where the properties are being actively marketed. These assets therefore meet the definition of non-current assets held-for-sale and are carried at the total selling price less costs to sell.

6. Loans payable

Loans payable consists of bank loans. The movement in loans was due to the acquisition of Riverside Mall in ARIA. There was also a reduction of bank loans within RESI due to the disposal of investment properties and the settlement of the related debt.

7. Derivatives

The derivative relates to interest rate swap agreements entered into by ARIA and Trematon. The current year's movement was a gain of R12.7 million.

8. Trade and other payables

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

9. 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 net 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 2022 is equal to a net amount of R1.7 million.

Profit-sharing arrangements (financial instruments)

The fair value of the amount payable in terms of the profit-sharing arrangements is determined with reference to the proportionate share (due in terms of the profit-sharing agreement) in the fair value of the underlying investment properties. Three of the properties are retail properties and one of the properties is a commercial property. Profit-sharing arrangements are classified as level 3 financial instruments at fair value. The total value of the liability measured at fair value amounts to R27.6 million (2021: R25.2 million). The total fair value adjustment to the profit-sharing arrangements for the year amounted to R2.3 million (2021: R0.4 million).

Movement in level 3 assets measured at fair value

	GROUP	
	2022 R'000	2021 R'000
Profit share arrangements at fair value through profit or loss		
Carrying value at the beginning of the year	25 224	24 860
Fair value adjustment recognised in profit or loss	2 345	364
Carrying value at the end of the year	27 569	25 224

The profit share arrangement carrying value is classified to trade and other payables on the statement of financial position.

10. Share capital and share-based payment

During the year, the directors converted 18 075 203 debentures to ordinary shares. This also resulted in the utilisation of the share-based payment reserve.

The loans from the Trematon Share Incentive Trust were transferred to the directors in terms of the share incentive scheme – see note 4 above.

	Reviewed Year ended 31 August 2022	Audited Year ended 31 August 2021
11. Treasury shares		
Number of shares held at year-end	–	–

The weighted average price of the treasury shares purchased during the year was R2.80 (2021: R2.24).

During the year 850 986 (2021: 8 105 998) treasury shares were purchased, cancelled and added to unissued ordinary shares.

	2022 R'000	2021 R'000
12. Related party		
Transactions		
Loss from equity accounted joint venture	–	(5 832)
Profit from equity accounted associates	9 969	17 776
Impairment of loan to equity accounted joint venture	(1 579)	(20 683)
Distributions and dividends received from associates	7 559	444
Interest received from associates	–	300
Interest received from directors' trusts	1 147	–
Administration fees received from associates	225	300
Administration fees received from joint ventures	960	960
Directors' emoluments	9 849	9 239
Capital distributions to shareholders holding greater than 20% of the issued share capital of the company	36 497	8 524
Balances		
Loans receivable from directors' trusts	34 209	–

New related party balances and transactions arose during the current year as a result of the directors exercising their option to convert the debentures to shares referred to in note 4 above. The following entities, which are under control by key management personnel are new related parties in the current year: Armchair Trust, Salvete Trust, Alevai Investment Trust and Nest Egg Trust.

	Reviewed Year ended 31 August		Audited Year ended 31 August	
	Gross 2022 R'000	Net 2022 R'000	Gross 2021 R'000	Net 2021 R'000
13. Reconciliation of headline earnings per share				
Headline earnings per share is calculated as follows:				
Profit/(loss) attributable to equity holders of the parent		18 306		(16 500)
Fair value adjustment on investment properties	2 464	2 165	10 277	6 310
Fair value adjustments within equity accounted profits	(264)	(207)	19 630	15 951
Realised profit on sale of non-current assets	(1 305)	(1 012)	(2 436)	(1 394)
Headline earnings		19 252		4 367
Headline earnings per share (cents)		8.7		2.1
Diluted headline earnings per share (cents)		8.5		1.9

The calculation of headline earnings per share is based on the weighted average number of 221 049 564 shares in issue during the year (2021: 209 638 488*).

The calculation of diluted headline earnings per share is based on the diluted weighted average number of 225 853 569 shares in issue during the year (2021: 229 453 754*).

* The prior-year number of shares in issue has been restated to include the vested restricted shares at 31 August 2021 in order to better reflect the number of shares that can share in profits. This affects the weighted average number of shares and diluted weighted average number of shares. There is no impact on the reported earnings per share and headline earnings per share or their dilution in 2021 and no impact on the statement of financial position.

	Reviewed Year ended 31 August 2022 R'000	Audited Year ended 31 August 2021 R'000
14. Revenue		
Rental income	270 978	239 493
Sale of property and land	–	1 391
Administration fee income	1 330	1 538
School and registration fees	164 588	128 039
Other school income	3 379	3 583
Commission received	6 945	4 742
Management fees	7 855	–
Services and other revenue*	21 938	14 259
	477 013	393 045
Investment revenue		
Other investment income	2 984	444
Interest received – associates	–	300
Interest received – bank	7 336	7 900
Interest – other	2 126	851
	12 446	9 495
	489 459	402 540
Timing of revenue recognition		
At a point in time	32 262	23 975
Over time	173 773	129 577
Straight-line basis	270 978	239 493
	477 013	393 045

* Services and other revenue include boat repairs, sale of goods and fuel and conferencing centre income which increased due to an increase in operations after the lifting of Covid-19 restrictions.

15. Segmental information

	Property investments R'000	Education R'000	UK investments R'000	Corporate and other R'000	Total R'000
2022					
Revenue	**304 043**	**179 007**	**–**	**6 409**	**489 459**
Revenue – at a point in time	**20 034**	**12 228**	**–**	**–**	**32 262**
Revenue – over time	**9 185**	**164 588**	**–**	**–**	**173 773**
Revenue – straight-line basis	**269 838**	**1 140**	**–**	**–**	**270 978**
Investment revenue	**4 986**	**1 051**	**–**	**6 409**	**12 446**
Net income/(loss) before tax	**48 794**	**(9 514)**	**9 050**	**(5 169)**	**43 161**
Total assets	**1 795 552**	**459 484**	**126 196**	**120 085**	**2 501 317**
Total liabilities	**1 261 808**	**267 549**	**–**	**1 162**	**1 530 519**
Net asset value	**392 091**	**197 308**	**126 196**	**118 922**	**834 517**
Intrinsic net asset value	**418 412**	**419 192**	**139 348**	**121 980**	**1 098 932**
2021					
Revenue	260 403	138 532	–	3 605	402 540
Revenue – at a point in time	14 723	9 252	–	–	23 975
Revenue – over time	1 539	128 038	–	–	129 577
Revenue – straight-line basis	239 080	413	–	–	239 493
Investment revenue	5 061	829	–	3 605	9 495
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

16. Financial covenants

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

GenEd

For the Standard Bank loan the following covenants are applicable:

- The ratio of EBITDA to interest payable shall be not less than four times; this covenant was met as of 31 December 2021 and is forecast to be met for the 31 December 2022 school year. The ratio was seven for the 31 December 2021 school year and is forecast to be 10 for the 31 December 2022 school year.
- The gross debt to EBITDA ratio should not exceed 2.5 times. The covenant was not met as of 31 December 2021; however, management has forecast they will meet this covenant as of 31 December 2022. The loan was renegotiated and extended with the bank after the 31 December 2021 covenant was not met and the loan has therefore been classified as non-current. The gross debt to EBITDA ratio is forecast to be equal to 1.4 times for the 31 December 2022 school year.
- Trematon INAV to exceed R800 million (R500 million in the prior year). This covenant has been met.
- Number of students be not less than 1 731 by 31 December 2021, not less than 1 866 by 31 December 2022, not less than 2 119 by December 2023 and not less than 2 223 by 31 December 2024. The number of students at year-end was 2 250 and therefore the group is confident this covenant will be met.

For the Nedbank loan the following covenants are applicable:

- Performance covenants to be met by GenEd in the prior year were revenue to exceed R154.9 million and EBITDA to exceed R25.6 million for the 2021 school year. The revenue requirement was met; however, the EBITDA requirement was not met. The loan was, however, extended by the bank and no performance covenants were imposed by the bank in respect of the loan extension.

ARIA

- The Standard Bank loan requires an interest cover ratio of 1.6 times in the first year, 1.7 times in the second year, 1.8 times in the third year and 1.9 times in the fourth year. The minimum loan to value ratios range between 55% and 62%.
- The Nedbank loans require interest cover ratios ranging between 1.5 and 1.75 times as well as a minimum loan to value ratio ranging between 65% and 67.5%.

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.

17. Capital distribution

On 14 November 2022, subsequent to year-end, the board of directors declared a capital distribution of 40.0 cents per share (2021: 30.00 cents) as a return of contributed tax capital to shareholders recorded in the share register of the company at the close of business on Thursday, 15 December 2022.

In compliance with IAS 10 – Events after the Balance Sheet Date, the capital distribution will only be accounted for in the financial statements in the year ending 31 August 2023.

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 R90.3 million, being 40.0 cents per share, based on the current number of 225 829 248 shares in issue.

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

Last date to trade:	Monday, 12 December 2022
Ex-date:	Tuesday, 13 December 2022
Record date:	Thursday, 15 December 2022
Payment date:	Monday, 19 December 2022

Share certificates may not be dematerialised or rematerialised between Tuesday, 13 December 2022 and Thursday, 15 December 2022, both days inclusive.

18. Subsequent events

After year-end ARIA declared a dividend of R15 million to its shareholders, of which R9 million was received by Trematon.

Subsequent to year-end properties with a carrying amount of R16.8 million recognised as non-current assets held-for-sale were transferred to the buyers of those properties and were derecognised.

Subsequent to year-end GenEd entered into a lease with Taroko Investment Management (Pty) Limited for the lease of school premises in Modderfontein, Gauteng. The lease term is nine years and eleven months with an option to renew for a further nine years and eleven months.

After year-end ASK Partners Holdco Limited, of which Trematon holds a 40% interest, disposed of 75% of its investment in ASK Partners Limited to OakNorth Bank Limited. The sale resulted in Trematon realising a £1 million (R20.7 million) profit on the transaction.

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

19. 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.

INTRINSIC VALUE REPORT

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

The intrinsic net asset value report below illustrates the INAV of all investment categories of the group for the period ended 31 August 2022. 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	Reviewed August 2022 R'000	Audited August 2021 R'000
Generation Education	1	419 192	419 481
ARIA Property Group	2	207 131	192 126
Club Mykonos Langebaan	3	126 373	162 131
ASK Partners	4	139 348	117 732
RESI Investment Group	5	84 908	93 861
Cash	6	61 743	102 807
Other	7	60 237	29 947
Total		1 098 932	1 118 085
Number of net shares in issue ('000)	8	225 829	208 605
Diluted number of shares ('000)	9	225 829	226 680
INAV per share (cents)		487	536
Diluted INAV per share (cents)		487	511

Notes

1. GenEd's school operations have been valued using a discounted cash flow method. GenEd's results have improved over the prior year, however a higher discount rate was used in the current year's valuation. This has resulted in the INAV remaining flat over the prior year. The new online venture, GenEx, has been excluded from this valuation.
2. ARIA has been valued using directors' valuations. The increase in INAV since August 2021 was due to the increase in operating profits and the positive mark-to-market of interest rate swaps during the year.
3. CML has been valued using directors' valuations. The decrease in INAV since August 2021 was due to the write-down of investment properties and land values at the resort, sales of residential units as well as an increase in bank borrowings.
4. The investment in ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value increased over the prior year due to an increase in operating profit resulting in an increased valuation of the operating business. Included in the valuation of the investment is R108.6 million of cash and near cash.
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 being distributed to Trematon. The cash received by Trematon is included in Cash in this INAV report.
6. Current year's cash includes cash held in all subsidiaries, other than ARIA and GenEd, which is included in their respective INAV. The decrease in cash from the prior year is due to the distribution paid to shareholders in December 2021 of R68 million. This outflow was off-set by cash inflows from RESI property sales and dividends received from investments in associates.
7. Other includes shares held-for-trading, loans due from directors' trusts and other minor assets less related debt.
8. During the year, 0.9 million (2021: 7.4 million) treasury shares were purchased by the company at an average price of R2.80 (2021: R2.24) per share.
9. Diluted number of shares in the prior year takes into account convertible debentures issued to participants in the Trematon Share Incentive Trust that were convertible into Trematon ordinary shares. During the current year all the debentures were converted to ordinary shares.

TREMATON CAPITAL INVESTMENTS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/008691/06)
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Published date
22 November 2022

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

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