UNAUDITED INTERIM RESULTS

FOR THE SIX MONTHS ENDED 28 FEBRUARY 2022

2022

TREMATON

Capital Investments Limited

DIRECTORS' REVIEW

Commentary on financial results

The group's primary measure of shareholder value and investment performance over time is intrinsic net asset value ("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.

Total INAV over the period reduced from R1.11 billion to R1.06 billion due to the distribution to shareholders of R68 million in December 2021 and the downward adjustment of property values in ARIA Property Group ("ARIA") and Club Mykonos Langebaan ("CML"). The number of shares in issue also increased from 208.6 million to 225.8 million following the election by the directors and company secretary to convert their debentures into ordinary shares in terms of the rules of the Trematon Share Incentive Scheme. This translates to INAV and diluted INAV per share decreasing to 469 cents at February 2022 from 536 cents and 511 cents respectively at the August 2021 year-end.

Total revenue increased from the prior interim period by 18%. Revenue from education increased by 33% due to the inclusion of the Generation Somerset West school for a full six months versus only two months in the prior interim period, while rental income from investment properties increased by 11% due to the additional rental income from the purchase of the Riverside Mall by ARIA. Rental income from residential properties in the RESI Investment Group ("RESI") decreased due to the sales of properties.

Profit for the period increased 35% to R9.2 million (2021: R6.8 million). The main contribution to this increase was the improvement in operating profit within Generation Education ("GenEd") increasing from an operating loss of R0.3 million in the prior interim period to an operating profit of R8.1 million in the current interim period. This translated to earnings per share of 0.5 cents (2021: 0.6 cents) and headline earnings per share of 2.2 cents (2021: 2.1 cents). The small decrease in earnings per share is due to the increase in ordinary shares in issue as a result of the directors converting their debentures into ordinary shares, as mentioned above.

GenEd is the fastest-growing component of the group although total group turnover from commercial property rentals still exceeds revenue from the school business, while exposure to the residential property sector continues to reduce due to regular sales of sectional title units. As required by IFRS, the right-of-use asset and related lease liability on the statement of financial position relates to the Generation Somerset West property lease.

Review of major investments

Generation Education

Revenue from education operations grew to R86.6 million (2021: R65.2 million) and the number of students has increased to 2 304 which represents a 6% increase from the 31 August financial year-end.

The unique Generation Education brand is very strong in the Western Cape and each campus is developing a unique and loyal community.

The education business has grown very fast since we established our first primary school in Sunningdale in 2016 and we now offer the full spectrum of education from early childhood to tertiary qualifications. The multi-curricular nature of the education offering means that we can cater to the needs of all our learners by offering programmes of academic excellence (including Cambridge and IEB) and vocational pathways which complement the academic programmes.

The bricks-and-mortar school business is cash flow positive, but is yet to earn significant commercial returns due to GenEd's two largest schools, being Generation Imhoff and Generation Somerset West, not yet reaching maturity. This should improve over the next few years as the existing schools reach full capacity. The focus is on providing quality education and child-centred wellness, in the expectation that this will eventually translate into good profits over the lifetime of a loyal customer base.

For the time being, the business remains focused in the Western Cape but opportunities for developing the brand in Gauteng and elsewhere are being explored.

The Generation EduTech platform ("GenEx") has been in development for a few years and this development has recently been accelerated with the appointment of a chief technology officer and several full-time developers. The platform is in use in all of GenEd's schools and is currently being rolled out to the first third-party customers. The GenEx product is a software suite which enables individual schools to manage key aspects of their business and expand their educational offering at a low monthly cost. It is difficult to accurately estimate the potential impact of this business because it is still in the start-up phase, but it definitely has the potential to grow exponentially.

ARIA Property Group

Revenue for the period increased to R115.9 million (February 2021: R103.6 million), with the growth being largely attributable to the revenue generated from Riverside Mall. ARIA contributed R23.9 million to group profits (2021: R14.0 million) and its contribution to group INAV has increased slightly due to the favourable fair value mark-to-market movements of interest rate swaps during the interim period.

ARIA acquired Riverside Mall, situated in Rondebosch, Cape Town for R126.1 million in September 2021. The property carries a gross lettable area of 9 587 m^2 and comprises predominantly retail and ancillary office space. The mall is anchored by a recently upgraded Checkers (Fresh X), who have a new 10-year lease in place.

The loan-to-value of total borrowings in ARIA is 70%, an increase from the prior year (65%). The increase stems from the acquisition of Riverside Mall which was fully funded with bank debt. ARIA's investment property portfolio has an occupancy rate of 97.4% and a weighted average lease expiry of 3.5 years with no notable near-term lease expiries. Revenue collection has averaged 99% for the six-month period. 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.

RESI Investment Group and other residential property investments

RESI's contribution to INAV continues to decrease with the sales of units. During this interim period 13 units were sold and transferred for R10.6 million, realising a cash surplus of R3.8 million. The proceeds were used to reduce bank debt with the excess being distributed to Trematon. The profits from these sales have no impact on current earnings as they have been fair valued over time and disposed of at their carrying value. A further 51 units have been sold totalling R38 million and are pending transfer at the reporting date. RESI contributed R0.5 million (2021: R1.7 million) to group profits from its 100%-held operations.

The group also owns a 50% interest in the Woodstock Hub (Pty) Limited joint venture which holds rental stock and some development properties in Woodstock. The existing residential rental stock is performing well but the development opportunities have not met our risk/return metrics and we are gradually selling the remaining development stock to owner/occupiers or developers. A loss of R1.1 million (2021: loss of R1.1 million) was realised on RESI's 50% investment.

Club Mykonos Langebaan

Trading conditions at Club Mykonos are returning to normal and most resort operations are performing at or better than pre-Covid levels. Several new attractions have been added at the resort including a luxury charter boat and a Skypark which should improve visitor numbers during the year. Large-scale conferencing has not yet returned to pre-Covid levels, but bookings have picked up.

CML continues to contribute regular annuity income from rentals and other resort operations. CML remained flat over the interim period compared to a profit of R1.1 million in the prior comparable interim period.

ASK Partners ("ASK")

ASK has proven to be a successful investment which focuses on UK-based structured finance offering bespoke and flexible financing solutions to property developers in the UK.

ASK contributed R2.7 million to group profits (2021: R4.5 million) before a foreign currency gain of R3 million arising from the depreciation of the Rand relative to the Pound at the reporting date.

STATEMENT OF FINANCIAL POSITION

	Note	Unaudited At 28 February 2022 R'000	Unaudited At 28 February 2021 R'000	Audited At 31 August 2021 R'000
ASSETS				
Non-current assets		2 179 023	2 141 793	2 073 368
Property, plant and equipment		346 159	340 930	345 119
Right-of-use asset		68 296	88 949	70 765
Investment properties		1 535 779	1 511 432	1 481 254
Investments in joint ventures		–	4 662	–
Investments in associate entities		131 615	118 311	125 277
Loans receivable		61 164	54 275	28 095
Deferred tax asset		36 010	23 234	22 858
Current assets		245 504	275 043	263 443
Trade and other receivables		17 396	27 112	11 251
Investments		6 392	6 392	6 392
Inventory		41 770	41 291	41 663
Current tax assets		367	370	642
Cash and cash equivalents		179 579	199 878	203 495
Non-current assets held-for-sale	5	61 996	25 674	6 893
Total assets		2 486 523	2 442 510	2 343 704
EQUITY AND LIABILITIES				
Equity		942 476	991 850	964 458
Share capital and share premium		208 289	240 935	238 465
Treasury shares	4	–	(136)	–
Fair value reserve		33 353	33 353	33 353
Share-based payments reserve		13 162	12 758	13 161
Foreign currency translation reserve		16 357	18 970	13 324
Accumulated profit		538 670	555 487	537 662
Total equity attributable to equity holders of the parent		809 831	861 367	835 965
Non-controlling interest		132 645	130 483	128 493
Non-current liabilities		1 458 726	991 436	1 214 215
Loans payable		1 230 746	758 776	996 347
Derivatives		2 494	12 177	8 964
Trade and other payables		38 981	29 697	39 714
Lease liability		82 057	86 451	74 138
Deferred tax liability		104 448	104 335	95 052
Current liabilities		85 321	459 224	165 031
Loans payable		3 720	368 230	103 247
Current tax payable		8 513	14 921	609
Derivatives		980	1 423	2 003
Lease liability		–	4 548	3 886
Trade and other payables		72 108	70 102	55 286
Total equity and liabilities		2 486 523	2 442 510	2 343 704
Net asset value per share (cents)		359	411	401

STATEMENT OF
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 28 February 2022 R'000	Unaudited Six months ended 28 February 2021 R'000	Audited Year ended 31 August 2021 R'000
Revenue	3	**237 265**	200 688	402 540
Profit from property operations		**63 547**	57 938	103 233
Revenue – property		**148 620**	133 465	260 404
Cost of property and land sold		**–**	(4 279)	(718)
Employee benefits – property		**(12 304)**	(11 011)	(20 640)
Operating expenses – property		**(72 769)**	(60 237)	(135 813)
Profit/(loss) from education operations		**8 086**	(322)	(6 783)
Revenue – education		**86 560**	65 166	138 531
Employee benefits – education		**(51 012)**	(39 027)	(84 821)
Operating expenses – education		**(27 462)**	(26 461)	(60 493)
Loss from other operations		**(6 320)**	(4 825)	(9 316)
Revenue – other		**2 085**	2 057	3 605
Employee benefits – other		**(6 165)**	(5 491)	(11 072)
Operating expenses – other		**(2 240)**	(1 391)	(1 849)
Total realised profit		**774**	682	3 524
Realised profit on financial assets at fair value through profit and loss		**–**	1 089	1 089
Realised profit/(loss) on sale of non-current assets		**774**	(407)	2 435
Total profit/(loss) from fair value adjustments		**5 196**	5 239	(16 679)
Fair value adjustment on investment properties		**(6 573)**	(4 669)	(10 277)
Fair value adjustment on financial liabilities at fair value through profit and loss		**7 492**	8 938	11 572
Impairment of loan		**–**	–	(20 683)
Foreign exchange gain/(loss)		**274**	(424)	(739)
Decrease in loss allowance		**4 003**	1 394	3 448
Other income		**26**	837	853
Profit before finance costs		**71 309**	59 549	74 832
Total finance costs		**(54 546)**	(49 748)	(90 208)
Finance costs – property		**(36 994)**	(40 757)	(76 024)
Finance costs – education		**(17 552)**	(8 978)	(14 034)
Finance costs – other		**–**	(13)	(150)
Profit from equity accounted investments (net of tax)		**2 178**	3 952	11 945
Loss from equity accounted joint ventures – property		**(1 125)**	(1 162)	(5 831)
Profit from equity accounted associates – property		**569**	614	3 131
Profit from equity accounted associates – other		**2 734**	4 500	14 645
Profit/(loss) before income tax		**18 941**	13 753	(3 431)
Income tax		**(9 781)**	(6 971)	(5 221)
Profit/(loss) for the period/year		**9 160**	6 782	(8 652)

	Unaudited Six months ended 28 February 2022 R'000	Unaudited Six months ended 28 February 2021 R'000	Audited Year ended 31 August 2021 R'000
Other comprehensive income			
Items that are or may subsequently be reclassified to profit/(loss):			
Foreign currency translation differences on equity accounted investments	3 034	(8 700)	(14 347)
Other comprehensive income/(loss) for the period/year	3 034	(8 700)	(14 347)
Total comprehensive income/(loss) for the period/year	12 194	(1 918)	(22 999)
Profit/(loss) attributable to:			
Equity holders of the parent	1 008	1 325	(16 499)
Non-controlling interest	8 152	5 457	7 847
	9 160	6 782	(8 652)
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent	4 042	(7 375)	(30 846)
Non-controlling interests	8 152	5 457	7 847
	12 194	(1 918)	(22 999)
Earnings per share			
Number of shares issued (thousands)	225 802	209 542	208 605
Weighted average number of shares (thousands)	214 700	210 112	207 657
Diluted weighted average number of shares (thousands)	222 278	228 188	207 657
Earnings/(loss) per share (cents)	0.5	0.6	(7.9)
Diluted earnings/(loss) per share (cents)	0.5	0.6	(7.9)

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	2 166	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)
Balance at 1 March 2021	2 095	238 840	240 935	(136)
Total comprehensive income for the period	–	–	–	–
(Loss)/profit for the period	–	–	–	–
Foreign exchange movements on investment in associate	–	–	–	–
Share-based payment	–	–	–	–
Treasury shares cancelled	(10)	(2 460)	(2 470)	2 470
Treasury shares acquired	–	–	–	(2 334)
Dividends declared to non-controlllling interest	–	–	–	–
Balance at 31 August 2021	2 085	236 380	238 465	–
Balance at 1 September 2021	2 085	236 380	238 465	–
Total comprehensive income for the period	–	–	–	–
Profit for the period	–	–	–	–
Foreign exchange movements on investment in associate	–	–	–	–
Treasury shares cancelled	(9)	(2 373)	(2 382)	2 382
Treasury shares acquired	–	–	–	(2 382)
Ordinary shares issued	181	39 774	39 955	–
Capital distribution	–	(67 749)	(67 749)	–
Dividends declared to non-controlling interest	–	–	–	–
Balance at 28 February 2022	2 257	206 032	208 289	–

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	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
33 353	12 758	18 970	555 487	861 367	130 483	991 850
–	–	(5 647)	(17 825)	(23 472)	2 390	(21 082)
–	–	–	(17 825)	(17 825)	2 390	(15 435)
–	–	(5 647)	–	(5 647)	–	(5 647)
–	404	–	–	404	–	404
–	–	–	–	–	–	–
–	–	–	–	(2 334)	–	(2 334)
–	–	–	–	–	(4 380)	(4 380)
33 353	13 162	13 323	537 662	835 965	128 493	964 458
33 353	**13 162**	**13 323**	**537 662**	**835 965**	**128 493**	**964 458**
–	**–**	**3 034**	**1 008**	**4 042**	**8 152**	**12 194**
–	**–**	**–**	**1 008**	**1 008**	**8 152**	**9 160**
–	**–**	**3 034**	**–**	**3 034**	**–**	**3 034**
–	**–**	**–**	**–**	**–**	**–**	**–**
–	**–**	**–**	**–**	**(2 382)**	**–**	**(2 382)**
–	**–**	**–**	**–**	**39 955**	**–**	**39 955**
–	**–**	**–**	**–**	**(67 749)**	**–**	**(67 749)**
–	**–**	**–**	**–**	**–**	**(4 000)**	**(4 000)**
33 353	**13 162**	**16 357**	**538 670**	**809 831**	**132 645**	**942 476**

STATEMENT OF CASH FLOW

	Unaudited Six months ended 28 February 2022 R'000	Unaudited Six months ended 28 February 2021 R'000	Audited Year ended 31 August 2021 R'000
Cash flows from operating activities			
Cash generated from operations	92 852	83 700	120 442
Finance income	4 335	4 335	7 872
Dividends received	327	–	444
Finance costs	(54 546)	(45 471)	(86 240)
Tax paid	(1 262)	(386)	(20 923)
Dividends paid to non-controlling interest	(4 000)	(2 000)	(4 880)
Net cash from operating activities	37 706	40 178	16 715
Cash flows from investing activities			
Acquisition of and addition to property, plant and equipment	(6 154)	(29 360)	(41 298)
Acquisition of and addition to investment property	(4 363)	(4 900)	(4 993)
Proceeds on disposal of non-current assets	11 723	30 557	68 574
Loans receivable repaid	–	237	–
Loan advanced to joint ventures and associates	–	(3 100)	(4 600)
Loans repaid by joint ventures and associates	–	1 840	8 198
Proceeds from disposal of investments	–	1 742	2 830
Net cash from investing activities	1 206	(2 984)	28 711
Cash flows from financing activities			
Acquisition of treasury shares	(2 382)	(14 371)	(16 705)
Capital distribution	(67 749)	(16 084)	(16 084)
Decrease in borrowings	(1 929)	(135)	(2 735)
Increase in borrowings	8 958	33 424	34 058
Net cash from financing activities	(63 102)	2 834	(1 466)
Net (decrease)/increase in cash and cash equivalents	(24 190)	40 028	43 960
Foreign exchange translation adjustment on cash and cash equivalents	274	(424)	(739)
Cash and cash equivalents at the beginning of the period/year	203 495	160 274	160 274
Cash and cash equivalents at the end of the period/year	179 579	199 878	203 495

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 2022 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 in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and 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 February				Audited Year ended 31 August	
	Gross 2022 R'000	**Net 2022 R'000**	Gross 2021 R'000	Net 2021 R'000	Gross 2021 R'000	Net 2021 R'000
Profit/(loss) attributable to equity holders of the parent		**1 008**		1 325		(16 500)
Fair value adjustment on investment properties	**6 573**	**4 337**	4 669	2 680	10 277	6 310
Fair value adjustments within equity accounted profits	**–**	**–**	–	–	19 630	15 951
Realised (profit)/loss on sale of non-current assets	**(774)**	**(600)**	407	316	(2 436)	(1 394)
Headline earnings		**4 745**		4 321		4 368
Headline earnings per share (cents)		**2.2**		2.1		2.1
Diluted headline earnings per share (cents)		**2.1**		1.9		1.9

	Unaudited Six months ended 28 February 2022 R'000	Unaudited Six months ended 28 February 2021 R'000	Audited Year ended 31 August 2021 R'000
3. Revenue			
Rental income	**133 728**	122 131	239 493
Sale of property and land	**–**	2 438	1 391
Administration fee income	**716**	1 173	1 538
Education and registration fee income	**82 175**	61 744	128 039
Other education income	**1 564**	2 595	3 583
Services and other revenue	**10 215**	3 008	14 259
Commission received	**4 205**	2 818	4 742
	232 603	195 907	393 045
Investment revenue			
Dividend income	**327**	446	444
Interest income	**4 335**	4 335	9 051
	4 662	4 781	9 495
	237 265	200 688	402 540
Timing of revenue recognition			
At a point in time	**15 984**	10 859	23 975
Over time	**82 891**	62 917	129 577
Straight-line basis	**133 728**	122 131	239 493
	232 603	195 907	393 045
4. Treasury shares			
Number of shares held at period/year-end	**–**	60 196	–
5. Non-current assets held-for-sale			
Carrying value	**61 996**	25 674	6 893

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 as well as other investment properties being actively marketed for sale and therefore meet the definition of non-current assets held-for-sale.

	2022 R'000	2021 R'000	2021 R'000
6. Related parties			
Related party transactions			
Loss from equity accounted joint ventures	**(1 125)**	(1 162)	(5 832)
Profit from equity accounted associates	**3 303**	5 114	17 776
Distributions and dividends received from joint ventures and associates	**327**	–	444
Interest received on directors and company secretary loans	**381**	–	–
Directors' emoluments	**5 086**	4 673	9 239
Related party balances			
Loans to joint ventures	**7 795**	28 102	8 920
Loans to associates	**–**	5 980	–
Loans to directors and company secretary*	**33 443**	–	–

* *Refer to note 10.*

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 2022					
Revenue	148 620	86 560	–	2 085	237 265
Revenue – at a point in time	14 420	1 564	–	–	15 984
– over time	716	82 175	–	–	82 891
– straight-line basis	133 728	–	–	–	133 728
Profit/(loss) before tax	26 145	(5 602)	2 734	(4 336)	18 941
Total assets	1 871 007	437 089	125 957	52 470	2 486 523
Total liabilities	1 379 715	162 883	–	1 449	1 544 047
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/(loss) 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
Audited year ended 31 August 2021					
Revenue	260 404	138 531	–	3 605	402 540
Revenue – at a point in time	20 392	3 583	–	–	23 975
– over time	1 538	128 039	–	–	129 577
– straight-line basis	239 493	–	–	–	239 493
Profit/(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

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 2022 is equal to R3.5 million (2021: R13.6 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.

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. Fair value measurement is classified as level 3 non-financial instruments.

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 2022				
Retail	Income approach	**9.0 – 10.0**	**0.0 – 5.1**	**N/A**
Commercial	Income approach and market approach	**8.2 – 10.0**	**1.1 – 4.3**	**R12 587**
Industrial	Income approach	**9.6 – 13.2**	**0.0 – 8.9**	**N/A**
Residential	Market approach	**N/A**	**N/A**	**R4 136 – R19 098**
Schools	Market approach	**N/A**	**N/A**	**R3 920 – R28 844***
February 2021				
Retail	Income approach	9.0 – 9.5	0.0 – 7.5	N/A
Commercial	Income approach and market approach	8.6 – 9.7	0.0 – 5.0	R2 500 – R8 500
Industrial	Income approach	9.4 – 13.1	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*
August 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	R12 587
Industrial	Income approach	9.6 – 13.2	0.0 – 8.9	N/A
Residential	Market approach	N/A	N/A	R4 136 – R19 098
Schools	Market approach	N/A	N/A	R3 920 – R28 844*

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

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 February		Audited Year ended 31 August
Input	Change %	2022 R'000	2021 R'000	2021 R'000
Increase in capitalisation rate	0.5	(62 677)	(62 276)	(67 544)
Decrease in capitalisation rate	0.5	69 904	62 276	79 773
Increase in vacancy rate	2.0	(30 277)	(24 920)	(27 759)
Decrease in vacancy rate	2.0	21 009	24 920	21 005
Increase in Rands per sqm	10.0	46 363	124 598	40 213
Decrease in Rands per sqm	10.0	(46 363)	(124 598)	(40 213)

9. Financial covenants

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

GenEd:

- The ratio of EBITDA to interest payable shall be not less than 4 times
- The EBITDA to gross debt ratio shall not be less than 2.5 times cover
- The total interest cover shall be not less than 4.0 times cover
- Trematon INAV to exceed R500 million
- Minimum number of students to exceed 1 760 (2021: 1 536)

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 financial covenants were breached during the prior financial year and all indications are that future covenants will comfortably be met.

10. Conversion of convertible debentures to ordinary shares and issue of loans to directors and company secretary

The executive directors and the company secretary of Trematon ("the participants") were awarded convertible debentures in the company in terms of the share scheme on various dates between February 2012 and November 2016. The participants have exercised their election to convert these debentures into ordinary shares in the company ("the shares") on a one-for-one basis, as is provided for in terms of the share scheme. The shares were issued and allotted on 23 November 2021.

Loans were granted to the participants to allow them to exercise their convertible debentures in terms of the above. The capital sum of the loans, together with any accrued interest, shall be repaid within five years with staggered capital settlements over the five-year term. In the event of any dividend being declared and paid in cash on the ordinary shares at any time prior to the repayment of the loans, such dividend will be used to reduce the loan balance outstanding. The loans were initially granted for R38.3 million and R5.2 million was repaid during the period.

11. 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.

12. 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 2022 and there has been no further material impact on the group's profit and loss and statement of financial position after period-end. The group continues to monitor the impact of the pandemic and on the date of issuing this report, 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 ("INAV") of all investment categories of the group for the period ended 28 February 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.

	Notes	Intrinsic value February 2022 R'000	February 2021 R'000	August 2021 R'000
Generation Education	1	**417 451**	398 507	419 481
ARIA Property Group	2	**202 573**	189 787	192 126
Club Mykonos Langebaan	3	**142 828**	150 636	162 131
ASK Partners	4	**126 646**	113 581	117 732
RESI Investment Group	5	**86 478**	127 275	93 861
Cash	6	**51 640**	100 242	102 807
Other	7	**31 577**	30 746	29 947
Total		**1 059 194**	1 110 774	1 118 085
Number of net shares in issue	8	**225 829**	209 543	208 605
Diluted number of shares	9	**225 829**	227 618	226 680
INAV per share (cents)		**469**	530	536
INAV per share – diluted (cents)		**469**	488	511

Notes

1. GenEd's school operations have been valued using a discounted cash flows method. School properties under development were carried at cost. The decrease in INAV is due to the increase in the discount rate applied as a result of increased interest rates.
2. ARIA has been valued by using directors' valuations. The increase in INAV since August 2021 was due to the increase in operating profits as well as the positive mark-to-market of interest rate swaps, being greater than the write-down in investment property values.
3. CML has been valued by 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 due to increased vacancies at the marina and slower land sales over the period as well as property sales made with the cash being distributed to Trematon and included in group cash. Bank borrowings also increased in CML.
4. The investment in ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value increased since the prior financial year-end due to an increase in operating profit and the depreciation of the Rand to the Pound Sterling.
5. RESI has been valued using directors' valuations. 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. Cash includes cash from all subsidiaries, other than ARIA and GenEd, which is included in their respective INAV. During the period the distribution declared in November 2021 was paid to shareholders, resulting in a cash outflow of R68 million.
7. Other includes listed shares, held directly and indirectly, and other minor assets less related debt.
8. During the period 0.9 million treasury shares were purchased by the company at an average price of R2.80 per share.
9. Diluted number of shares in the prior interim results and prior final results takes into account convertible debentures issued to participants to the Trematon Share Incentive Trust that were convertible into Trematon ordinary shares. During the current interim period all the debentures were converted to ordinary shares.

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
Questco Corporate Advisory

Auditor
Mazars

Published date
11 May 2022

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

www.trematon.co.za

TREMATON
Capital Investments Limited

BETTERSALTED