



UNAUDITED CONDENSED INTERIM RESULTS
for the six months ended 29 February 2024



DIRECTORS' REVIEW

COMMENTARY ON FINANCIAL RESULTS

During the past six months, the group has continued to implement the strategy of realising the value of its ex-growth assets and distributing surplus cash to shareholders while retaining sufficient reserves for operational purposes and for potential new investments, while excessive cash balances are avoided. This strategy has resulted in a more efficient balance sheet and has improved the returns to shareholders (see Shareholder return graph on page 2). R72.3 million (32 cents per share) was paid as a capital distribution to shareholders in December 2023.

Total group INAV reduced to R912.9 million from R991.8 million at 31 August 2023. This is in line with the capital distribution paid to shareholders and is reflected in the decrease in group cash. There have been no other material INAV movements in the group's various business segments during the period save for a reduction in the RESI Investment Group which is due to the sale of properties and the net cash proceeds being included in group cash. As a result of the above, INAV per share was 408 cents at 29 February 2024 (439 cents per share at 31 August 2023) which represents a decrease of 7%.

Earnings per share increased by 164% to 3.7 cents per share (HY2023: 1.4 cents per share). The main reason for this increase is an improvement in the profit from education operations to R15.4 million (HY2023: R4.7 million) and a reduction in the loss in the edutech business due to a decrease in costs in the current interim period.

The prior period's earnings from ASK Partners, Trematon's UK-based associate, was not repeated as no dividends were received in the current interim period.

Headline earnings per share remained flat at 3.6 cents (HY2023: 3.6 cents per share).

REVIEW OF MAJOR INVESTMENTS Generation Education ("GenEd")

Revenue from education operations grew by 10% over the prior interim period to R106.8 million (HY2023: R97.5 million). This increase in revenue, together with a decrease in operating costs, has resulted in an operating profit of R15.4 million which is a 230% improvement over the prior interim period's R4.7 million operating profit.

The educational philosophy of our GenEd brand is rooted in a child-centred Montessori approach during the early childhood development ("ECD") phase, seamlessly integrating with Cambridge International assessments IGCSE, AS and A-Levels as students advance into the middle- and high-school stages. GenEd also offers a revolutionary educational stream that redefines traditional high school experiences by integrating tertiary-level education early in the academic journey through a set of internationally accredited qualifications and degree pathways. This programme is specially designed for students who seek an alternative route that accelerates their academic progression while offering flexible and practical learning opportunities.

While our schools continue to mature and operational efficiencies are enhanced, we recognise the ongoing need to streamline our academic offerings. Our goal is to ensure that our educational services not only meet but exceed the requirements of our students, maintaining the highest standards of quality and efficiency. From 2025 we will integrate a full set of A-Levels into our offering, allowing our students to complete a set of AS-Levels in their Grade 11 year and a set of A-Levels in their final school year.

On the frontier of educational technology, our GenEx division remains in its startup phase. Although it has not yet reached breakeven, we are optimistic about its potential for profitability in the near future.

ARIA Property Group ("ARIA")

Revenue for the period grew marginally to R136.6 million (HY2023: R131.4 million), with ARIA contributing R12.1 million to group profits (HY2023: R13.4 million).

Over the past six months the occupancy rate of ARIA's investment property portfolio increased by 1% to 98.4%. The increase can predominantly be attributed to tenant reconfiguration projects at Riverside Mall. These projects saw ARIA attract tenants such as Spur, The Dairy Den, Ben's Bubble Tea, F45 Training and Pick n Pay Clothing into the mall.

The above-mentioned changes have seen the foot count at Riverside Mall increase significantly over the past couple of months with February 2024 seeing a historical record of 178 011 shoppers to the mall, which represents a 22.3% year-on-year increase.

ARIA has also started the process of rejuvenating the tenant mix at Maynard Mall with several new leases being concluded with national tenants such as Refinery, Sleepmasters, African Bank, Nedbank, Capitec (relocation) and Best Home & Electric.

From a financing perspective, ARIA recently settled R75 million of bank debt from excess cash on hand. This has resulted in a monthly interest saving of approximately R0.7 million (based on current JIBAR rates) as well as a notable reduction in Trematon's suretyships.

In the current economic climate, ARIA continues to focus its attention on revenue enhancement, innovative value-add opportunities and redevelopments within the existing portfolio.

Club Mykonos Langebaan (“CML”)

CML's main source of income is rental income from commercial premises, the boatyard and the marina. CML contributed R3.7 million to group profits which is an improvement over the prior interim period's contribution of R3 million.

Management continues to focus on ways to increase the annuity income at Club Mykonos as well as investigating opportunities to realise the value of the remaining development land at the resort.

CML's most recent development (Marina Edge) consisting of 16 plots on the edge of the Mykonos Harbour is fully sold out and secondary market sales have achieved good price appreciation for these investors. There is no immediate pipeline of development sales but another scheme is being planned and is expected to be launched before the end of this year.

RESI Investment Group (“RESI”)

The sale process of the remaining sectional title units has continued, although the volume of sales has reduced slightly due to tighter market conditions.

The strategy has been to not discount selling prices to achieve sales because the units are well rented. During the interim period 24 residential units were sold and transferred at a combined sales value of R26.7 million. The proceeds were used to reduce bank debt with the excess being distributed to Trematon.

After these sales, there is minimal direct bank debt remaining in the RESI Group. The realisation of the balance of the portfolio will result in the full net cash proceeds being available to the group. These sales had no impact on current earnings as the properties sold have been fair valued over time and were disposed of at their carrying values.

Our joint venture in Woodstock is carried at a conservative value in the balance sheet. Sales of the sectional title units and development stock commenced last year and the pace of realisations will depend on market conditions.

ASK Partners (“ASK”)

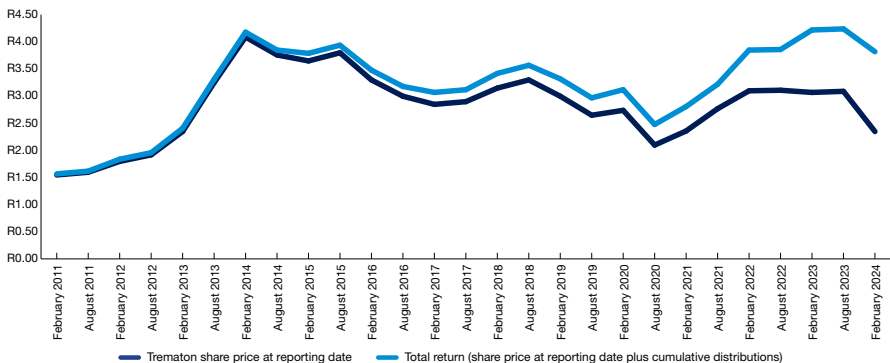
The INAV of this investment is R29.5 million at 29 February 2024. This value includes loan syndications of R14.9 million which are expected to be realised in the next 12 to 18 months. ASK contributed R0.4 million (HY2023: R30 million) before a foreign currency gain of R0.4 million due to the depreciation of the Rand to the Pound.

SHARE REPURCHASES

During the period Trematon repurchased 1.9 million shares at a total cost of R4.4 million (average price of R2.26 per share). These 1.9 million shares were cancelled and reverted to authorised unissued share capital.

SHAREHOLDER RETURN

The graph below shows the return to shareholders at each reporting date. The graph takes into account the distributions paid to shareholders together with the share price on the assumption that the shares were held for the entire period.



STATEMENT OF FINANCIAL POSITION

	Note	Unaudited At 29/28 February		Audited At 31 August
		2024 R'000	2023 R'000	2023 R'000
ASSETS				
Non-current assets		2 148 751	2 040 343	2 150 464
Property, plant and equipment		366 449	357 856	363 768
Right-of-use asset		58 422	63 359	60 891
Investment properties		1 596 920	1 460 041	1 595 642
Investments in associate entities		25 725	35 410	26 638
Goodwill		8 175	8 175	8 175
Loans receivable		46 159	49 701	49 465
Loans to joint venture		14 639	14 805	14 895
Derivatives		1 195	–	980
Deferred tax asset		31 067	50 996	30 010
Current assets		208 255	302 627	321 487
Trade and other receivables		17 550	24 216	13 992
Financial assets at fair value through profit or loss		6 392	6 392	6 392
Inventory		30 069	32 053	30 362
Derivatives		57	1 642	345
Current tax assets		1 833	450	2 740
Cash and cash equivalents		152 354	237 874	267 656
Non-current assets held-for-sale	4	35 171	81 670	61 880
Total assets		2 392 177	2 424 640	2 533 831
EQUITY AND LIABILITIES				
Equity		940 081	890 570	1 006 382
Share capital and share premium		41 037	117 702	117 702
Fair value reserve		47 074	46 933	47 074
Foreign currency translation reserve		21 272	20 352	20 837
Accumulated profit		649 001	572 338	640 706
Total equity attributable to equity holders of the parent		758 384	757 325	826 319
Non-controlling interest		181 697	133 245	180 063
Non-current liabilities		1 270 692	1 429 487	1 445 006
Loans payable		1 017 743	1 201 790	1 188 874
Trade and other payables		59 773	38 346	59 654
Lease liability		81 034	74 767	81 749
Deferred tax liability		112 142	114 584	114 729
Current liabilities		181 404	104 583	82 443
Loans payable		101 202	9 774	10 242
Current tax payable		612	1 181	265
Lease liability		1 308	8 268	990
Trade and other payables		78 282	85 360	70 946
Total equity and liabilities		2 392 177	2 424 640	2 533 831
Net asset value per share (cents)		339	335	366

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
		2024 R'000	2023 R'000	2023 R'000
Revenue	3	287 148	282 254	554 251
Profit from property operations		75 777	75 161	125 561
Revenue – property		171 081	178 673	337 180
Cost of property and land sold		(621)	(10 198)	(12 180)
Employee benefits – property		(16 688)	(16 755)	(32 948)
Operating expenses – property		(77 995)	(76 559)	(166 491)
Profit from education operations		15 432	4 670	17 052
Revenue – education		106 819	97 536	203 901
Employee benefits – education		(59 119)	(57 378)	(111 024)
Operating expenses – education		(32 268)	(35 488)	(75 825)
Loss from edutech operations		(1 674)	(9 549)	(12 386)
Revenue – edutech		4 806	1 536	3 495
Employee benefits – edutech		(4 155)	(8 808)	(11 409)
Operating expenses – edutech		(2 325)	(2 277)	(4 472)
Loss from other operations		(2 193)	(3 289)	(4 428)
Revenue – other		4 442	4 509	9 675
Employee benefits – other		(4 902)	(6 057)	(11 868)
Operating expenses – other		(1 733)	(1 741)	(2 235)
Profit from equity accounted investments		439	29 961	11 685
Loss from equity accounted associates (net of tax) – property		–	–	(1 432)
Profit from equity accounted associates (net of tax) – other		439	29 961	13 117
Total operating profit		87 781	96 954	137 484
Total realised loss		(288)	–	–
Realised loss on sale of subsidiary		(288)	–	–
Total (loss)/profit from fair value adjustments		(2 600)	(26 070)	144 976
Fair value adjustment on investment properties		185	(4 158)	140 488
Fair value adjustment on financial assets/liabilities at fair value through profit or loss		(74)	(88)	(403)
Fair value adjustment on investment in associate		–	(19 219)	–
(Increase)/decrease in expected credit loss on loans		(2 343)	(2 823)	3 742
Foreign exchange loss		(18)	(420)	(250)
(Increase)/decrease in loss allowance		(350)	638	1 399
Loan written off		–	–	(9 038)
Other income		521	88	1 397
Profit before finance costs		85 414	70 972	274 819
Total finance costs		(65 862)	(58 275)	(123 265)
Finance costs – property		(53 950)	(47 706)	(100 988)
Finance costs – education		(11 912)	(10 569)	(22 277)
Profit before income tax		19 552	12 697	151 554
Income tax		(4 822)	(6 525)	(29 895)
Profit for the period/year		14 730	6 172	121 659

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
Other comprehensive income			
Items that will not subsequently be reclassified to profit/(loss):			
Fair value (loss)/gain on revaluation of property, plant and equipment	-	(178)	1
Tax effects of fair value adjustments	-	39	-
Items that are or may subsequently be reclassified to profit/(loss):			
Foreign currency translation differences on equity accounted investments	435	10 072	10 556
Other comprehensive income for the period/year	435	9 933	10 557
Total comprehensive income for the period/year	15 165	16 105	132 216
Profit attributable to:			
Equity holders of the parent	8 295	3 208	71 578
Non-controlling interests	6 435	2 964	50 081
	14 730	6 172	121 659
Total comprehensive income attributable to:			
Equity holders of the parent	8 730	13 141	82 135
Non-controlling interests	6 435	2 964	50 081
	15 165	16 105	132 216
Earnings per share			
Number of shares issued (thousands)	223 886	225 829	225 829
Weighted average number of shares (thousands)	224 826	225 829	225 829
Diluted weighted average number of shares (thousands)	224 826	225 829	225 829
Earnings per share (cents)	3.7	1.4	31.7
Diluted earnings per share (cents)	3.7	1.4	31.7

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 2022	2 257	205 777	208 034	-
Total comprehensive income for the period	-	-	-	-
Profit for the period	-	-	-	-
Foreign exchange movements on investment in associate	-	-	-	-
Fair value loss on property, plant and equipment	-	-	-	-
Tax effects on revaluations	-	-	-	-
Capital distribution	-	(90 332)	(90 332)	-
Dividends declared to non-controlling interest	-	-	-	-
Balance at 28 February 2023	2 257	115 445	117 702	-
Balance at 1 March 2023	2 257	115 445	117 702	-
Total comprehensive income for the period	-	-	-	-
Profit for the period	-	-	-	-
Foreign exchange movements on investment in associate	-	-	-	-
Fair value gain on revaluation of property, plant and equipment	-	-	-	-
Tax effects on revaluations	-	-	-	-
Dividends declared to non-controlling interest	-	-	-	-
Balance at 31 August 2023	2 257	115 445	117 702	-
Balance at 1 September 2023	2 257	115 445	117 702	-
Total comprehensive income for the period	-	-	-	-
Profit for the period	-	-	-	-
Foreign exchange movements on investment in associate	-	-	-	-
Treasury shares acquired	-	-	-	(4 400)
Treasury shares cancelled	(20)	(4 380)	(4 400)	4 400
Capital distribution	-	(72 265)	(72 265)	-
Dividends declared to non-controlling interest	-	-	-	-
Balance at 29 February 2024	2 237	38 800	41 037	-

Fair value reserve R'000	Foreign currency translation reserve R'000	Accumu- lated profit R'000	Total R'000	Non- controlling interest R'000	Total equity R'000
47 072	10 280	569 130	834 516	136 281	970 797
(139)	10 072	3 208	13 141	2 964	16 105
-	-	3 208	3 208	2 964	6 172
-	10 072	-	10 072	-	10 072
(178)	-	-	(178)	-	(178)
39	-	-	39	-	39
-	-	-	(90 332)	-	(90 332)
-	-	-	-	(6 000)	(6 000)
46 933	20 352	572 338	757 325	133 245	890 570
46 933	20 352	572 338	757 325	133 245	890 570
141	485	68 368	68 994	47 117	116 111
-	-	68 368	68 368	47 117	115 485
-	485	-	485	-	485
180	-	-	180	-	180
(39)	-	-	(39)	-	(39)
-	-	-	-	(300)	(300)
47 074	20 837	640 706	826 319	180 062	1 006 381
47 074	20 837	640 706	826 319	180 062	1 006 381
-	435	8 295	8 730	6 435	15 165
-	-	8 295	8 295	6 435	14 730
-	435	-	435	-	435
-	-	-	(4 400)	-	(4 400)
-	-	-	-	-	-
-	-	-	(72 265)	-	(72 265)
-	-	-	-	(4 800)	(4 800)
47 074	21 272	649 001	758 384	181 697	940 081

STATEMENT OF CASH FLOW

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
Cash flows from operating activities			
Cash generated from operations	91 523	79 233	152 945
Finance income	8 916	8 382	20 364
Dividends received	–	54 856	54 856
Finance costs	(65 862)	(54 293)	(122 711)
Tax paid	(1 254)	(12 897)	(10 585)
Net cash from operating activities	33 323	75 281	94 869
Cash flows from investing activities			
Acquisition of and addition to property, plant and equipment	(13 542)	(6 620)	(23 791)
Acquisition of and addition to investment property	(1 751)	(344)	(1 043)
Proceeds on disposal of property, plant and equipment	–	–	6 449
Proceeds on disposal of investment properties	26 709	32 594	59 746
Proceeds from share repurchase of associate	2 620	58 020	68 376
Loans receivable repaid	5 549	6 971	6 218
Loan advanced to joint venture	(2 087)	(8 788)	(11 350)
Purchase of business	–	(8 175)	(8 175)
Net cash from investing activities	17 498	73 658	96 430
Cash flows from financing activities			
Acquisition of treasury shares	(4 400)	–	–
Capital distribution	(72 265)	(90 332)	(90 332)
Dividends paid to non-controlling interest	(4 800)	(6 000)	(6 300)
Repayment of borrowings	(84 640)	(17 110)	(36 798)
Proceeds from borrowings	–	–	7 240
Net cash from financing activities	(166 105)	(113 442)	(126 190)
Net (decrease)/increase in cash and cash equivalents	(115 284)	35 497	65 109
Foreign exchange translation adjustment on cash and cash equivalents	(18)	(420)	(250)
Cash and cash equivalents at the beginning of the period/year	267 656	202 797	202 797
Total cash and cash equivalents at the end of the period/year	152 354	237 874	267 656

NOTES

1. Presentation of consolidated results

Trematon Capital Investments Limited (the “company”) is a company domiciled in South Africa. The unaudited interim condensed consolidated results (“interim results”) of the company for the period ended 29 February 2024 comprise the company and its subsidiaries (together referred to as the “group”) and the group’s interest in joint ventures and associates.

The interim 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 interim 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 interim results have not been audited or reviewed by the company’s auditors.

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

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

In preparing the interim results, management is required to make estimates and assumptions that affect the amounts represented in the interim 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 interim 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 29/28 February				Audited Year ended 31 August	
	Gross 2024 R'000	Net 2024 R'000	Gross 2023 R'000	Net 2023 R'000	Gross 2023 R'000	Net 2023 R'000
Profit attributable to equity holders of the parent		8 295		3 208		71 578
Fair value adjustment on investment properties*	(185)	(288)	4 158	2 952	(140 488)	(64 738)
Fair value adjustment of investment in associate	–	–	19 219	19 219	–	–
Fair value adjustments within equity accounted profits	–	–	–	–	1 721	1 350
Headline earnings		8 007		25 379		8 190
Headline earnings per share (cents)		3.6		11.2		3.6
Diluted headline earnings per share (cents)		3.6		11.2		3.6

* The current year’s net amount is greater than the gross amount due to the fair value adjustment in a 60%-held subsidiary being positive and larger than a 100%-held subsidiary’s negative fair value adjustment.

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
3. Revenue			
Rental income	143 169	140 318	276 230
Sale of property and land	870	15 009	19 304
Administration fee income	475	915	1 756
Education and registration fee income	96 263	94 678	181 965
Other education income	8 984	2 513	13 792
Services and other revenue	16 343	11 449	7 217
Management fees	3 946	3 288	7 452
Commission received	5 941	4 424	26 171
	275 991	272 594	533 887
Investment revenue			
Dividend income	–	1 278	–
Interest income	11 157	8 382	20 364
	11 157	9 660	20 364
	287 148	282 254	554 251
<i>Timing of revenue recognition</i>			
At a point in time	36 084	36 683	66 484
Over time	96 738	95 593	191 173
Straight-line basis	143 169	140 318	276 230
	275 991	272 594	533 887

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
Reconciliation of revenue per segment			
Property			
Rental income	143 169	140 318	276 230
Sale of property and land	870	15 009	19 304
Administration fee income	475	748	1 756
Services and other revenue	11 102	9 895	16 426
Management fees	3 946	3 288	7 452
Commission received	5 941	4 424	7 217
Interest income	5 578	4 991	8 795
	171 081	178 673	337 180
Education			
Education and registration fee income	91 457	94 696	178 470
Other education income	8 984	2 513	13 792
Services and other revenue	5 241	–	9 745
Administration fee income	–	167	–
Interest income	1 137	160	1 894
	106 819	97 536	203 901
Edutech			
Education and registration fee income	4 806	1 536	3 495
	4 806	1 536	3 495
Other			
Dividend income	–	1 278	–
Interest income	4 442	3 231	9 675
	4 442	4 509	9 675
	287 148	282 254	554 251

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
4. Non-current assets held-for-sale			
Carrying value	35 171	81 670	61 880

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. The movement from August 2023 year-end is a result of properties sold and transferred during the interim period. The cash received from the disposals is included in the statement of cash flows as proceeds on disposal of investment properties.

	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
	2024 R'000	2023 R'000	2023 R'000
5. Related parties			
Related party transactions			
Profit from equity accounted associates	439	29 961	11 685
Distributions and dividends received from associates	–	54 856	54 856
Interest received on loans to directors and company secretary	1 309	1 030	2 324
Administration fees received from joint venture	360	480	960
(Increase)/decrease of expected credit loss on loan to equity accounted joint venture	(2 343)	(2 823)	3 742
Directors' emoluments	4 819	5 217	8 143
Related party balances			
Loans to joint venture	14 639	14 805	14 895
Loans to directors and company secretary	25 323	28 268	29 563

6. Segmental information

	Property investments R'000	Education R'000	Edutech R'000	UK investments R'000	Corporate and other R'000	Total R'000
Unaudited six months ended 29 February 2024						
Revenue	171 081	106 819	4 806	–	4 442	287 148
Revenue – at a point in time	27 100	8 984	–	–	–	36 084
– over time	475	91 457	4 806	–	–	96 738
– straight-line basis	143 169	–	–	–	–	143 169
Profit/(loss) before tax	31 889	(11 911)	(1 674)	439	(460)	18 283
Total assets	1 787 966	458 339	29 710	25 725	90 437	2 392 177
Total liabilities	1 187 680	257 411	7 005	–	–	1 452 096
Unaudited six months ended 28 February 2023						
Revenue	178 673	97 536	1 536	–	4 509	282 254
Revenue – at a point in time	34 170	2 513	–	–	–	36 683
– over time	915	93 142	1 536	–	–	95 593
– straight-line basis	140 318	–	–	–	–	140 318
(Loss)/profit before tax	(3 738)	(7 111)	(9 548)	29 961	3 133	12 697
Total assets	1 764 434	477 601	5 571	35 410	141 624	2 424 640
Total liabilities	1 243 466	289 344	1 260	–	–	1 534 070
Audited year ended 31 August 2023						
Revenue	337 180	203 901	3 495	–	9 675	554 251
Revenue – at a point in time	44 703	21 781	–	–	–	66 484
– over time	7 452	180 226	3 495	–	–	191 173
– straight-line basis	276 230	–	–	–	–	276 230
Profit/(loss) before tax	148 563	4 453	(12 386)	13 117	(2 193)	151 554
Total assets	1 897 045	432 036	22 164	26 638	155 948	2 533 831
Total liabilities	1 269 246	248 236	2 307	–	7 661	1 527 450

7. 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 asset at 29 February 2024 is equal to R1.3 million (2023: R1.6 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. 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 2024				
Retail	Income approach	8.8 – 9.5	0.0 – 5.0	N/A
Commercial	Income approach and market approach	8.9 – 11.0	0.0 – 3.0	N/A
Industrial	Income approach	9.5 – 13.0	0.0	N/A
Residential	Market approach	N/A	N/A	13 755 – 15 479
Schools	Market approach	N/A	N/A	5 402 – 37 664*
February 2023				
Retail	Income approach	8.2 – 9.25	0.0 – 7.2	N/A
Commercial	Income approach and market approach	8.0 – 11.0	0.0 – 4.5	N/A
Industrial	Income approach	9.6 – 13.5	0.0	N/A
Residential	Market approach	N/A	N/A	4 790 – 15 479
Schools	Market approach	N/A	N/A	5 402 – 37 664*
August 2023				
Retail	Income approach	8.8 – 9.5	0.0 – 5.0	N/A
Commercial	Income approach and market approach	8.9 – 11.0	0.0 – 3.0	N/A
Industrial	Income approach	9.5 – 13.0	0.0 – 5.0	N/A
Residential	Market approach	N/A	N/A	13 755 – 15 479
Schools	Market approach	N/A	N/A	5 402 – 37 664*

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

7. 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:

Input	Change %	Unaudited Six months ended 29/28 February		Audited Year ended 31 August
		2024 R'000	2023 R'000	2023 R'000
Increase in capitalisation rate	0.5	(71 136)	(60 383)	(72 374)
Decrease in capitalisation rate	0.5	98 489	84 396	80 152
Increase in vacancy rate	2.0	(26 917)	(23 556)	(44 106)
Decrease in vacancy rate	2.0	30 140	28 236	18 084
Increase in Rands per sqm	10.0	44 366	41 683	38 727
Decrease in Rands per sqm	10.0	(44 366)	(41 683)	(38 727)

8. 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 R800 million

ARIA:

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

None of the financial covenants were breached during the period and all indications are that future covenants will comfortably be met.

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.

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 29 February 2024. 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.

	Notes	Intrinsic value		
		February 2024 R'000	February 2023 R'000	August 2023 R'000
Generation Education	1	348 219	383 183	352 788
ARIA Property Group	2	275 249	206 177	275 198
Club Mykonos Langebaan	3	117 243	115 999	118 520
ASK Partners	4	29 501	32 529	31 241
RESI Investment Group	5	47 088	67 259	58 824
Cash	6	44 785	90 021	100 501
Other	7	50 803	55 345	54 769
Total		912 889	950 513	991 841
Number of net shares in issue		223 886	225 829	225 829
Diluted number of shares		223 886	225 829	225 829
INAV per share (cents)		408	421	439
INAV per share – diluted (cents)		408	421	439

Notes

- GenEd's school operations have been valued using a discounted cash flows method. The model is updated annually at Trematon's financial year-end. At interim results, adjustments are only made to the discount rate, if required, and the number of enrolled students is updated to reflect the actual number of students at the beginning of the current school year. This has resulted in a decrease in GenEd's INAV at 29 February 2024. The edutech business "GenEx" is not included in INAV as it is still in the start-up phase.
- ARIA has been valued using directors' valuations. ARIA's value has remained flat since the prior reporting period.
- CML has been valued using directors' valuations. CML's value has remained flat since the prior reporting period.
- The investment in ASK is carried at cost plus equity accounted profits, foreign currency movements and valuation adjustments. ASK's value decreased since August 2023 due to the settlement of loan underwrites in the UK and the repatriation of these funds to South Africa.
- 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 prior reporting period 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.
- Cash includes cash held in all subsidiaries, other than ARIA and GenEd, which is included in their respective INAV. In December 2023 a distribution of R72.3 million was paid to shareholders.
- Other includes shares held-for-trading, loans due from directors' trusts and other minor assets.

TREMATON CAPITAL INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1997/008691/06)

JSE share code: TMT

ISIN: ZAE000013991

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* Non-executive # Independent

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JJ Vos

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Auditor

Moore Cape Town Inc.

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Prepared by

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

www.trematon.co.za

