SANDOWN CAPITAL LIMITED

(Incorporated in South Africa)
(Registration number 2000/013674/06)
JSE share code: SDC ISIN: ZAE000249645
("**Sandown Capital**" or "**the company**")

PRE-LISTING STATEMENT

The definitions and interpretations commencing on page 6 of this pre-listing statement have, where appropriate, been used in these cover pages.

This pre-listing statement is not an invitation to the public to subscribe for shares. It is issued in compliance with the JSE Listings Requirements for the purpose of giving information to Peregrine shareholders regarding Sandown Capital and the listing of 226 065 696 (two hundred and twenty-six million, sixty-five thousand, six hundred and ninety-six) ordinary shares of no par value in the "Investment Companies" sector on the Main Board of the JSE, as further detailed in this pre-listing statement.

Immediately prior to and after listing:

- the authorised share capital of Sandown Capital will comprise of 500 000 000 ordinary shares of no par value;
- the issued share capital of Sandown Capital will comprise of 226 065 696 ordinary shares of no par value; and
- there will be no treasury shares in issue.

On listing and thereafter, all shares will rank *pari passu* in respect of all rights.

The anticipated market capitalisation of the company will be approximately R1 250 000 000.

The JSE has granted Sandown Capital approval for the listing of 226 065 696 (two hundred and twenty-six million, sixty-five thousand, six hundred and ninety-six) ordinary shares of no par value in the "Equity Investment Instruments" sector on the Main Board of the JSE, with effect from the commencement of trade on Wednesday, 29 November 2017, under the abbreviated name: "SandownCp", JSE share code: "SDC" and ISIN: ZAE000249645. The company will list as an investment entity in terms of section 15 of the Listings Requirements.

The directors, whose names are given on page 9 of this pre-listing statement, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts have been omitted which would make any statement false or misleading, and that they have made all reasonable enquiries to ascertain such facts and that this pre-listing statement contains all information required by the JSE Listings Requirements.

Each of the corporate advisor and sponsor, independent reporting accountants and auditors, legal advisor, company secretary, transfer secretaries and bankers whose names are included in this pre-listing statement have consented in writing to the inclusion of their names in the capacity stated and, where applicable, to their reports being included in this pre-listing statement, and have not withdrawn such consent prior to publication of this pre-listing statement.

An abridged version of this pre-listing statement will be published on SENS on Tuesday, 14 November 2017 and in the press on Wednesday, 15 November 2017.

Corporate advisor and sponsor

JAVA CAPITAL

Legal advisors

WERKSMANS ATTORNEYS

Independent reporting accountants and auditors and independent transaction sponsor

Deloitte.

Independent reporting accountants

KPMG cutting through complexity

Date and place of incorporation of the company: 28 June 2000, South Africa

Date of issue of the pre-listing statement: Tuesday, 14 November 2017

This pre-listing statement is available in English only. Copies of this pre-listing statement are available on the company's website at www.sandowncapital.com and may also be obtained from the company and the corporate advisor at the addresses set out in the Corporate information section of this pre-listing statement during normal office hours from Tuesday, 14 November 2017 to Friday, 1 December 2017.

CORPORATE INFORMATION

Registered office and postal address of the company

Sandown Capital Limited
(Registration number 2000/013674/06)
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 650361, Benmore, 2010)

Corporate advisor

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 2087, Parklands, 2121)

Independent reporting accountants and auditors

Deloitte & Touche
Registered Auditors (Practice number 902276)
Deloitte Place, The Woodlands, 20 Woodlands Drive
Woodmead, Johannesburg, 2196
(Private Bag X6, Gallo Manor, 2052)

Bankers

The Standard Bank of South Africa Limited
(Registration number 1962/06073/06)
Fourways Crossing Branch
1 Twilight Avenue, Lonehill Ext 56
Fourways Crossing
2062
(Private Bag X103, Bryanston, 2021)

Company Secretary

CIS Company Secretaries Proprietary Limited
(Registration number 2006/1024994/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 2087, Parklands, 2121)

Independent transaction sponsor

Deloitte & Touche Sponsor Services Proprietary Limited
(Registration number 1996/00003/07)
Deloitte Place, The Woodlands, 20 Woodlands Drive
Woodmead, Johannesburg, 2196
(Private Bag X6, Gallo Manor, 2052)

Legal advisor

Werksmans Incorporated
(Registration number 1990/007215/21)
155 5th Street
Sandton, 2196
(Private Bag 10015, Sandton, 2146)

Independent reporting accountants

KPMG Inc.
(Practice number 1999/021543/21)
KPMG Crescent, 85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Investment Manager

Sandown Management Limited
(Registration number 64034)
Kingsway House
Havilland Street
St Peter Port, Guernsey
Channel Islands
GY1 2QE
(The postal address is as above)

Forward-looking statements

This pre-listing statement includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of the group and its future prospects. These forward-looking statements have been based on current expectations and projections about future results which, although the directors believe them to be reasonable, are not a guarantee of future performance.

TABLE OF CONTENTS

The definitions and interpretations commencing on page 6 of this pre-listing statement have, where appropriate, been used in the following table of contents:

IMPORTANT DATES AND TIMES

The definitions and interpretations commencing on page 6 of this pre-listing statement have, where appropriate, been used in the table below:

	2017
Peregrine unbundling circular issued to Peregrine shareholders, together with this pre-listing statement	Tuesday, 14 November
Abridged pre-listing statement released on SENS	Tuesday, 14 November
Announcement relating to the issue of the Peregrine circular and finalisation information in respect of the unbundling released on SENS	Tuesday, 14 November
Abridged pre-listing statement published in the press	Wednesday, 15 November
Last day to trade in Peregrine shares in order to participate in the unbundling	Tuesday, 28 November
Trading in Peregrine shares "*ex*" the entitlement to participate in the unbundling commences	Wednesday, 29 November
Listing date – Sandown Capital shares listed and commence trading on the JSE (at 09:00)	Wednesday, 29 November
The ratio apportionment of expenditure and market value in respect of the unbundling released on SENS (by 11:00)	Thursday, 30 November
Unbundling record date (at close of trade)	Friday, 1 December
Sandown Capital shares credited to the accounts of Peregrine shareholders at their CSDP or broker (at 09:00)	Monday, 4 December

Notes:

1. The above dates and times are South African dates and times and are subject to amendment. Any such amendment will be released on SENS.
2. Peregrine shares may not be dematerialised or rematerialised between Wednesday, 29 November 2017 and Friday, 1 December 2017, both days inclusive.

SALIENT FEATURES

The definitions and interpretations commencing on page 6 of this pre-listing statement have, where appropriate, been used in this section.

The information set out in this section provides an outline of the information contained in this pre-listing statement and is not intended to be comprehensive. It should be read in conjunction with the other sections of this pre-listing statement in order to gain a comprehensive overview of the company.

1. **INTRODUCTION**

1.1 Sandown Capital, a wholly-owned subsidiary of Peregrine prior to the unbundling, was incorporated in South Africa on 28 June 2000 as PGR 29 Investments Proprietary Limited and was converted to a public company on 11 September 2017.

1.2 Sandown Capital's financial year-end is 31 March.

2. **OVERVIEW OF SANDOWN CAPITAL**

2.1 **Introduction**

2.1.1 Sandown Capital is an investment holding company that aims to create long-term value for shareholders through targeting selected investment opportunities which meet its investment strategy.

2.1.2 The members of the Sandown Capital board of directors are experienced investors who have successfully concluded and realised investments across different industries and sectors, both within South Africa and internationally. The board includes Sean Melnick, the founder and non-executive chairman of Peregrine and a respected businessman and deal-maker. In sourcing, managing and realising investment opportunities, the company will utilise the investment skills and established networks of the board, complemented by a highly experienced investment management team.

2.1.3 The investment manager has been appointed by Sandown Capital to manage the investment of the company's assets and to provide ongoing advice and assistance that will enable the company to achieve its investment objectives. The salient features of the investment management agreement are set out in **Annexure 7**.

2.2 **Investment strategy**

2.2.1 Sandown Capital will seek to create long-term value for its shareholders by sourcing and holding investment opportunities which the board feels are capable, over time, of producing compound annual growth in excess of its minimum targeted return of 15% per annum.

2.2.2 Sandown Capital will seek to capitalise on its status as a permanent capital vehicle by patiently seeking out a small number of investment opportunities that are capable of producing extraordinary compound returns over time without being deterred by potential volatility or variability of returns on those investments in the shorter term. Whilst, as a listed entity, the effects of this volatility may impact the company's income statement from time to time, the litmus test for each investment will remain its ability to provide a sustainable above-hurdle level of compound returns in order to meet the board's strategic imperative of achieving long-term growth in NAV per share.

2.2.3 The current portfolio composition is effectively an inherited one, being assets held by Sandown Capital and the surplus assets unbundled from the Peregrine group. Whilst the board are comfortable that the current portfolio of hedge funds, direct property and listed property units as well as a funding stake into a South African corporate through a black economic empowerment vehicle, is capable of generating acceptable long-term growth in NAV per share, it is anticipated that the current portfolio will, over the next few years and in a stable, measured manner as divestment opportunities arise, be realigned with the intention being to seek out fresh opportunities across a wider investment landscape, encompassing listed as well as unlisted opportunities.

2.2.4 The geographical split of Sandown Capital's investment portfolio, on a net asset value basis, is currently 30% South Africa and 70% invested internationally. It is envisaged that the majority of new opportunities will continue to be international focused.

2.2.5 Shareholders should be aware that strategically there is a preference for investing in a few, high conviction opportunities rather than building a more diversified portfolio. In principle, Sandown Capital would prefer to be a meaningful cornerstone investor, actively engaging with management and adding strategic value rather than be a holder of passive investment stakes. The deployment of permanent capital is seen as a clear advantage in the pursuit of this strategy.

2.2.6 The company intends utilising leverage, where appropriate to augment its long-term returns. It also intends retaining and reinvesting all net income from its investments in pursuit of this aim. To the extent that attractive investment opportunities arise that are beyond current balance sheet capabilities, the company would seek to raise further capital from shareholders.

2.3 Benefits of investment strategy

The implementation of the above investment strategy will allow Sandown Capital shareholders to access a portfolio of high quality, sector and geographically diversified investments designed to produce superior returns over the long-term. The mix of listed and unlisted investments, together with the ability to utilise debt and equity capital where appropriate, and a focus on NAV per share growth, is designed to build shareholders value.

3. STATEMENT AS TO LISTING ON THE JSE

The JSE has granted Sandown Capital approval for the listing of 226 065 696 (two hundred and twenty-six million, sixty-five thousand, six hundred and ninety-six) ordinary shares of no par value in the “Equity Investment Instruments” sector on the Main Board of the JSE, with effect from the commencement of trade on Wednesday, 29 November 2017, under the abbreviated name: “SandownCp”, JSE share code: “SDC” and ISIN: ZAE000249645. The company will list as an investment entity in terms of section 15 of the Listings Requirements.

DEFINITIONS AND INTERPRETATIONS

In this pre-listing statement and the annexures hereto, unless the context indicates otherwise, references to the singular include the plural and *vice versa*, words denoting one gender include the others, expressions denoting natural persons include juristic persons and associations of persons and *vice versa*, and the words in the first column have the meanings stated opposite them in the second column, as follows:

"**A2X**"	the A2X market infrastructure listed as an exchange in terms of the Financial Markets Act, 19 of 2012;
the "**board**", the "**board of directors**" or the "**directors**"	the board of directors of Sandown Capital, particulars of which are set out in **Annexure 1** of this pre-listing statement;
"**Common Monetary Area**"	collectively, South Africa, the Kingdoms of Swaziland and Lesotho, and the Republic of Namibia;
"**company secretary**"	CIS Company Secretaries Proprietary Limited (Registration number 2006/1024994/07), a private company incorporated in South Africa, further details of which are set out in the Corporate information section of this pre-listing statement;
"**Companies Act**"	the Companies Act, 71 of 2008, as amended from time to time;
"**CSDP**"	a Central Securities Depository Participant appointed by a shareholder to hold and administer dematerialised shares on behalf of a shareholder;
"**dematerialised**"	the process whereby physical share certificates have been replaced with electronic records of ownership under Strate and recorded in the sub-register of shareholders maintained by a CSDP or broker;
"**documents of title**"	share certificates, certified transfer deeds, balance receipts and any other documents of title to shares acceptable to the board;
"**Exchange Control Regulations**"	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, 9 of 1933, as amended from time to time;
"**IFRS**"	International Financial Reporting Standards;
"**Income Tax Act**"	the Income Tax Act, 58 of 1962, as amended from time to time;
"**independent reporting accountants**" or "**Deloitte**"	Deloitte & Touche (Practice number 902276), a limited partnership established in South Africa, further details of which are set out in the Corporate Information section of this pre-listing statement;
"**investment management agreement**"	the investment management agreement entered into between the company, SCIL and the investment manager, extracts of which are set out in **Annexure 7**;
"**investment manager**" or "**Sandown Management**" or "**investment advisor**"	Sandown Management Limited (Registration number 64034), a private company duly incorporated in Guernsey, further details of which are set out in the Corporate information section of this pre-listing statement;
"**investment strategy**" or "**investment policy**"	the investment strategy and/or policy of the company as determined by the board of directors, further details of which are set out in paragraph 2 of this pre-listing statement;
"**Java Capital**"	Java Capital Proprietary Limited (Registration number 2012/089864/07), in its capacity as corporate advisor and/or Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), in its capacity as sponsor, as the context may require, further details of which are set out in the Corporate information section of this pre-listing statement;
"**JSE**"	the JSE Securities Exchange, being the exchange operated by JSE Limited (Registration number 2005/022939/06), a public company incorporated in South Africa and licensed as an exchange under the Financial Markets Act, No. 19 of 2012;

"**JSE Listings Requirements**"	the JSE Listings Requirements, as amended from time to time;
"**King IV**"	the King IV Report on Corporate Governance for South Africa, 2016, as amended from time to time;
"**KPMG**"	KPMG Inc. (Registration number 1999/021543/21), a limited liability partnership incorporated in South Africa, further details of which are set out in the "Corporate information" section;
"**last practicable date**"	the last practicable date for finalisation of this pre-listing statement, being Tuesday, 7 November 2017;
"**listing date**"	the anticipated date of listing of all the company's issued shares on the Main Board of the JSE, being Wednesday, 29 November 2017;
"**listing**" or "**listing on the JSE**"	the listing of Sandown Capital shares on the Main Board of the JSE;
"**MOI**" or "**memorandum of incorporation**"	the memorandum of incorporation of the company, dated 11 September 2017, extracts of which are set out in **Annexure 6**;
"**NAV**"	net asset value, as determined in accordance with IFRS;
"**Peregrine**"	Peregrine Holdings Limited (Registration number 1994/006026/06) a public company incorporated in accordance with the laws of South Africa. Peregrine's registered office is situated at 6A Sandown Valley Crescent, Sandown, Sandton, 2196;
"**Peregrine group**"	Peregrine and its subsidiaries;
"**Peregrine shares**"	ordinary shares with a par value of 0.1 cent each in the issued share capital of Peregrine;
"**Peregrine shareholder**"	the holder of a Peregrine share;
"**Peregrine unbundling circular**"	the circular to Peregrine shareholders dated Tuesday, 14 November 2017, relating to the unbundling;
"**pre-listing statement**"	this pre-listing statement, dated Tuesday, 14 November 2017, including all annexures;
"**R**" or "**Rand**"	South African Rand, the official currency of South Africa;
"**restructure**"	the internal restructure of the Peregrine group and the assets held by the Peregrine group, pursuant to which the listed securities, South African hedge-fund assets, off-shore hedge-fund assets, unlisted securities and cash detailed in **Annexure 4** have been transferred by members of the Peregrine group to Sandown Capital and/or SCIL with effect from early October 2017;
"**restructure agreements**"	the series of agreements concluded between Peregrine and its subsidiaries (including the company) in respect of the restructure, the salient terms of which are set out in **Annexure 8**;
"**Sandown Capital**" or "**the company**"	Sandown Capital Limited (Registration number 2000/013674/06), a public company incorporated in accordance with the laws of South Africa, 100% of the shares in which will be unbundled and distributed by Peregrine to its shareholders and subsequently listed on the Main Board of the JSE, as further detailed in this pre-listing statement and the Peregrine unbundling circular;
"**Sandown Capital group**" or "**the group**"	Sandown Capital and its subsidiaries;
"**Sandown Capital shares**" or "**shares**"	ordinary shares of no par value in the issued share capital of the company;
"**Sandown Capital shareholder**" or "**shareholder**"	the holder of a Sandown Capital share;
"**SCIL**"	Sandown Capital International Limited (Registration number 63843), a company incorporated in Guernsey and a wholly owned subsidiary of the company;
"**SENS**"	the Stock Exchange News Service of the JSE;

"**South Africa**"	the Republic of South Africa;
"**Strate**"	Strate Proprietary Limited (Registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa and operating the electronic clearing and settlement system used by the JSE to settle trades;
"**transfer secretaries**" or "**Computershare**"	Computershare Investor Services Proprietary Limited (Registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa, further details of which are set out on in the Corporate information section of this pre-listing statement;
"**unbundling**"	the unbundling of the 226 065 696 Sandown Capital shares held by Peregrine, being 100% of the issued share capital of Sandown Capital, by way of a distribution *in specie* to Peregrine shareholders in terms of section 46 of the Companies Act, in the ratio of one Sandown Capital share for every one Peregrine share held at the close of business on the unbundling record date, which unbundling is expected to be implemented at the commencement of trade on Monday, 4 December 2017;
"**unbundling record date**"	the date and time at which a Peregrine shareholder must be recorded in the Peregrine share register in order to participate in the unbundling, which is expected to be the close of trade on Friday, 1 December 2017; and
"**VAT**"	Value Added Taxation, in terms of the Value Added Tax Act, 89 of 1991, as amended from time to time.

SANDOWN CAPITAL LIMITED
(Incorporated in South Africa)
(Registration number 2000/013674/06)
JSE share code: SDC ISIN: ZAE000249645
("**Sandown Capital**" or "**the company**")

Directors
Lawrie Brozin (*Chairman)**
Sean Melnick *(Chief executive officer)*
Sean Jelley *(Chief financial officer)*
Duncan Randall*
Andrew Hannington*
Mandy Yachad#

** Independent non-executive*
 # Non-executive

SECTION ONE – INFORMATION ON THE COMPANY

1. INCORPORATION, HISTORY AND NATURE OF BUSINESS

1.1 Incorporation and address

Sandown Capital, a wholly-owned subsidiary of Peregrine until the unbundling, was incorporated in South Africa, as PGR 29 Investments Proprietary Limited, on 28 June 2000. In April, 2011, the name was changed to Sandown Capital Proprietary Limited and on 11 September 2017 the company was converted to a public company. The company's registered address is 6A Sandown Valley Crescent, Sandown, Sandton, 2196.

1.2 History and nature of business

1.2.1 Initially, the Peregrine group held a 40% interest in the company. This was subsequently increased to 100% in 2009, when Sandown Capital became a wholly-owned subsidiary of Peregrine housing the Peregrine group's non-financial services investments.

1.2.2 As at 31 March 2017, the majority of investments held by Sandown Capital were hedge-fund investments. With effect from early October 2017 and in terms of the restructure, all surplus non-operating investments within the Peregrine group (comprising excess cash, hedge fund and other proprietary investments) were transferred to the company, such that its investment portfolio following the restructure and as at the listing date has an aggregate net asset value of approximately R1.250 billion, subject to market fluctuations between the date hereof and listing.

1.3 Financial year-end

The financial year-end of the company is 31 March.

2. INVESTMENT STRATEGY

2.1 Overview

2.1.1 Sandown Capital is an investment holding company that aims to create long-term value for shareholders through targeting selected investment opportunities which meet its investment strategy.

2.1.2 The members of the board are experienced investors who have successfully concluded and realised investments across different industries and sectors, both within South Africa and internationally, including Sean Melnick, the founder and non-executive chairman of Peregrine and a respected businessman and dealmaker. In sourcing, managing and realising investment opportunities, the company will utilise the investment skills and established networks of the board, complemented by a highly experienced investment management team.

2.1.3 The investment manager has been appointed by Sandown Capital to manage the investment of the company's assets and to provide ongoing advice and assistance that will enable the company to achieve its investment objectives. The salient features of the investment management agreement are set out in **Annexure 7**.

2.2 **Investment strategy**

2.2.1 Sandown Capital will seek to create long-term value for its shareholders by sourcing and holding investment opportunities which the board feels are capable, over time, of producing compound annual growth in excess of its minimum targeted return of 15% per annum.

2.2.2 Sandown Capital will seek to capitalise on its status as a permanent capital vehicle by patiently seeking out a small number of investment opportunities that are capable of producing extraordinary compound returns over time without being deterred by potential volatility or variability of returns on those investments in the shorter term. Whilst, as a listed entity, the effects of this volatility may impact the company's income statement from time to time, the litmus test for each investment will remain its ability to provide a sustainable above-hurdle level of compound returns in order to meet the board's strategic imperative of achieving long-term growth in NAV per share.

2.2.3 The current portfolio composition is effectively an inherited one, being assets held by Sandown Capital and the surplus assets unbundled from the Peregrine group. Whilst the board are comfortable that the current portfolio of hedge funds, direct property and listed property units as well as a funding stake into a South African corporate through a black economic empowerment vehicle, is capable of generating acceptable long-term growth in NAV per share, it is anticipated that the current portfolio will, over the next few years and in a stable, measured manner as divestment opportunities arise, be realigned with the intention being to seek out fresh opportunities across a wider investment landscape, encompassing listed as well as unlisted opportunities.

2.2.4 In all instances, but in particular as regards the current portfolio, where the company invests in other companies, or funds, which in turn invest in a portfolio of investments, the board will ensure that the policies and objectives of these companies or funds conform to the principal investment objectives of Sandown Capital.

2.2.5 The geographical split of Sandown Capital's investment portfolio, on a net asset value basis, is currently 30% South Africa and 70% invested internationally. It is envisaged that the majority of new opportunities will continue to be international focused.

2.2.6 Shareholders should be aware that strategically there is a preference for investing in a few, high conviction opportunities rather than building a more diversified portfolio. In principle, Sandown Capital would prefer to be a meaningful cornerstone investor, actively engaging with management and adding strategic value rather than be a holder of passive investment stakes. The deployment of permanent capital is seen as a clear advantage in the pursuit of this strategy.

2.2.7 The company intends utilising leverage, where appropriate to augment its long-term returns. It also intends retaining and reinvesting all net income from its investments in pursuit of this aim. To the extent that attractive investment opportunities arise that are beyond current balance sheet capabilities, the company would seek to raise further capital from shareholders.

2.3 **Investment process**

2.3.1 Sandown Capital's investment strategy will serve as a guideline to the investment management team in selecting and recommending potential acquisitions and disposals. Final decisions regarding acquisitions and disposals will be taken by the board, with due regard to the company's investment strategy and objectives.

2.3.2 In seeking new investments, the company intends focusing on sectors where the directors have proven experience and expertise and are able to add value to the business activities of the investee company. In cases where the company chooses to invest alongside an investment partner, the directors will ensure that the chosen partner brings the necessary skills and experience to the management of each investment.

2.4 **Benefits of investment strategy**

The implementation of the above investment strategy will allow Sandown Capital shareholders to access a portfolio of high quality, sector and geographically diversified investments designed to produce superior returns over the long-term. The mix of listed and unlisted investments, together with the ability to utilise debt and equity capital where appropriate, and a focus on NAV per share growth, is designed to build shareholders value.

3. THE RESTRUCTURE AND UNBUNDLING

3.1 With effect from early October 2017 and in terms of the restructure, all surplus non-operating investments within the Peregrine group (comprising excess cash, hedge fund and other proprietary investments), having a fair net asset value of approximately R1.025 billion, were transferred to the Sandown Capital group. Immediately prior to the restructure, Sandown Capital had assets having a fair net asset value of approximately R173 million. Following the restructure and as at the listing date, Sandown Capital will have an investment portfolio with an aggregate fair net asset value of approximately R1.250 billion, subject to market fluctuations between the date hereof and listing.

3.2 The Peregrine board of directors has resolved to unbundle 100% of Sandown Capital's issued share capital to Peregrine shareholders, in the ratio of one Sandown Capital share for every Peregrine share held on the unbundling record date, pursuant to which the issued share capital of Sandown Capital will have a primary listing on the Main Board of the JSE and a secondary listing on A2X.

3.3 The unbundling will be effected as a distribution *in specie* in compliance with section 46(1)(a)(ii) of the Companies Act and section 46 of the Income Tax Act.

3.4 Further information in respect of the unbundling is set out in the Peregrine unbundling circular issued to Peregrine shareholders together with this pre-listing statement.

4. COMPANY STRUCTURE

4.1 **Company structure**

The company structure is set out in **Annexure 2**.

4.2 **Subsidiaries**

4.2.1 As at the listing date, Sandown Capital will have five subsidiaries.

4.2.2 The name, registration number, place of incorporation, date of incorporation and other information in respect of Sandown Capital's major subsidiary, SCIL, are set out in **Annexure 3**, together with details of inter-group loans and borrowings.

4.3 **Share capital**

Information regarding the issued share capital of the company, the shareholders of the company holding in excess of 5% of the issued share capital pursuant to the unbundling and other ancillary information is set out in **Annexure 5**.

4.4 **Memorandum of Incorporation**

Extracts from the memorandum of incorporation of Sandown Capital are set out in **Annexure 6**.

5. DIRECTORS AND KEY SERVICE PROVIDERS

5.1 **Board of directors**

Annexure 1 sets out the following information:

5.1.1 details of directors and executive management of the company, including their names, addresses, qualifications, occupations and experience;

5.1.2 information concerning the appointment, remuneration, terms of office, and borrowing powers of the directors;

5.1.3 directors' declarations; and

5.1.4 directors' other directorships and partnerships.

5.2 Key Service Providers

5.2.1 *Investment manager*

5.2.1.1 Sandown Capital has entered into the investment management agreement with the investment manager, in terms of which the investment manager has been appointed, on an exclusive basis, to identify and recommend investment opportunities that meet the criteria set out in the company's investment strategy. The investment manager is incorporated and registered in Guernsey.

5.2.1.2 Where the company elects to pursue investment opportunities, the investment manager will do all things necessary to execute such investments, including managing the due diligence process. The investment manager will provide ongoing advice for the period that the investment is held by the company, reporting on the status and value of each investment at regular intervals, as agreed with the board. When the company decides to dispose of an investment, the investment manager will manage the disposal process on behalf of the company.

5.2.1.3 In return for providing these services, the investment manager will charge the company an annual investment fee, payable, quarterly in advance, of the greater of R16 000 000 or 0.95% of the company's annual average net asset value. In addition, the company will, subject to the compound average growth rate of the net asset value per share of the company being equal to or exceeding a hurdle rate of 15% since commencement of the investment management agreement, pay the investment manager a performance fee equal to 10% of the growth in net asset value achieved since commencement, less any performance fees paid in prior periods. The first measurement period for the performance fee runs from the commencement date to 31 March 2019, and thereafter is calculated annually. Full details of the fees payable to the investment manager are set out in **Annexure 7**.

5.2.1.4 The investment manager may elect to apply the full amount of any performance fee received to acquire ordinary shares in the company at a price per share equal to the audited published net asset value per share of the company as determined at the end of the period to which the performance fee relates. The company undertakes to procure that the required number of shares are available for the investment manager to so acquire. Any shares acquired under the agreement are subject to a 12-month lock-up.

5.2.1.5 The acquisition of shares by the investment manager in terms of the investment management agreement may take the form of (i) either an on-market acquisition of shares, for delivery to the investment manager, or (ii) a new issue of shares by Sandown Capital (being a specific issue of shares for cash to a related party). No specific authority to issue shares for cash to the investment manager was obtained from the shareholders of Sandown Capital prior to its listing. Accordingly, to the extent that Sandown Capital may wish to issue shares to the investment manager in terms of a specific authority to issue shares for cash, Sandown Capital will, in terms of the Listings Requirements, be required to issue a circular to shareholders and obtain shareholder approval for such issue. To the extent that such share issuance is at a discount to the 30-day VWAP per Sandown Capital shares immediately prior to the date on which Sandown Capital and the investment manager agree the issue, a fairness opinion by an independent expert will be required. For as long as the investment manager is an associate of any of the directors, any acquisition of Sandown Capital shares by the investment manager will be subject to the provisions of the Listings Requirements relating to dealing in securities by directors and their associates.

5.2.1.6 Unless terminated by either party in certain specified circumstances, as further detailed in **Annexure 7**, the appointment of the investment manager will continue until 31 March 2023.

5.2.1.7 The primary office of the investment manager will be established in Guernsey, with associate offices in Johannesburg and London. The investment manager will be headed by Sean Melnick (CEO of the company), assisted by an appropriately skilled team.

5.2.1.8 Details of the directors and shareholders of the investment manager are set out in **Annexure 1**.

5.2.1.9 The salient terms of the investment management agreement are detailed in **Annexure 7**.

5.2.2 ***Company secretary***

5.2.2.1 It is anticipated that the board will leverage off existing operations and expertise of the company secretary for company secretarial services.

5.2.2.2 The board has determined that there is an arm's length relationship between the company secretary and the board of directors.

5.2.3 ***Other third-party service providers***

5.2.3.1 In addition to the above, it is envisaged that the company will outsource a number of functions to specialist third-party service providers. Such service providers may include without limitation: investor relations managers; legal counsel; accountants and auditors; administration and financial service providers; and bankers. The company may also employ the services of a global securities broker and custodian for the trading and custody of listed, unlisted, over the counter securities and bonds.

5.2.3.2 In this regard, the board will engage only with reputable, internationally-recognised institutions with established track records for the provision of such services.

6. INVESTMENTS TO DATE AND FURTHER INVESTMENT OPPORTUNITIES

6.1 The company's investments following the restructure and as at the listing date are set out in **Annexure 4**.

6.2 In terms of investment pipeline, the company is confident of the significant scale and scope of opportunities that exist in the market and have identified a number of opportunities that appear to meet and further the company's investment strategy. Recognising that the kind of investments targeted by the company necessarily involve robust and lengthy due diligence, legal and regulatory compliance processes, it is the company's intention to make its first significant investment within six months of listing on the JSE. The company's investment portfolio may comprise less than 10 investments at any given time.

7. EMPLOYEES

The executive directors of the company are employed by Sandown Management. As such, the company itself does not have any employees.

SECTION TWO – FINANCIAL INFORMATION

8. HISTORICAL FINANCIAL INFORMATION

8.1 The audited historical financial information of Sandown Capital for the year ended 31 March 2017 (prior to the restructure) is set out in **Annexure 9**. Deloitte's independent reporting accountants' report on this historical financial information is set out in **Annexure 10**.

8.2 The audited historical financial information of Sandown Capital for the years ended 31 March 2015 and 31 March 2016 is set out in **Annexure 11**. KPMG's independent reporting accountants' report on this historical financial information is set out in **Annexure 12**.

8.3 The preparation of the historical financial information is the responsibility of the directors.

9. *PRO FORMA* FINANCIAL INFORMATION

9.1 The *pro forma* statement of financial position and statement of comprehensive income of Sandown Capital is set out in **Annexure 13**. The independent reporting accountants' report on the *pro forma* statement of financial position and statement of comprehensive income is set out in **Annexure 14**.

9.2 The *pro forma* statement of financial position and statement of comprehensive income, including the assumptions on which they are based and the financial information from which they have been prepared, are the responsibility of the directors.

10. DIVIDENDS AND DISTRIBUTIONS

10.1 As the objective of the company is to provide shareholders with attractive medium- to long-term capital growth, the board does not intend to declare regular dividends.

10.2 No shares of the company are currently in issue with a fixed date on which entitlement to dividends arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.

11. ACQUISITIONS AND DISPOSALS

Save for the acquisition of those assets set out in **Annexure 4**, no material immovable properties, fixed assets, securities and/or business undertakings have been acquired or disposed of by the company since incorporation nor are in the process of being or are proposed to be acquired or disposed of by the company (or which the company has an option to acquire) in the three years prior to the last practicable date.

12. ADVANCES, LOANS AND BORROWINGS

12.1 Details of all material loans and borrowings of the Sandown Capital group as at the last practicable date are set out in **Annexure 15**. Save as set out in **Annexure 15** no material loans were advanced by or to the Sandown Capital group (including by the issue of debentures) as at the last practicable date.

12.2 None of the material borrowings set out in **Annexure 15** have any redemption or conversion rights attaching to them.

12.3 As at the last practicable date:

12.3.1 no shareholders' loans were recorded in the company's statement of financial position;

12.3.2 there is no loan capital outstanding;

12.3.3 no loans have been made or security furnished by the company to or for the benefit of any director or manager or associate of any director or manager of the company;

12.3.4 save as set out in **Annexure 3**, there were no inter-company loans or other financial transactions;

12.3.5 no charge or mortgage has been created over any assets of the company; and

12.3.6 there were no outstanding convertible debt securities.

SECTION THREE – ADDITIONAL MATERIAL INFORMATION

13. **STATEMENT AS TO LISTING**

13.1 The JSE has granted Sandown Capital approval for the listing of ordinary shares with no par value on the Main Board of the JSE of all of its issued shares, with effect from the commencement of trade on Wednesday, 29 November 2017, under the abbreviated name: "SandownCp", JSE share code: "SDC" and ISIN: "ZAE000249645". The company will list as an investment entity in terms of section 15 of the Listings Requirements.

13.2 Peregrine has a secondary listing on A2X. Similarly, with effect from Wednesday, 29 November 2017, Sandown Capital will have a secondary listing on A2X.

14. **WORKING CAPITAL**

The directors are of the opinion that the working capital available to the group is sufficient for the company's present requirements (that is, for at least 12 months from the date of issue of this pre-listing statement).

15. **MATERIAL CONTRACTS**

Save for the material contracts set out in **Annexure 4**, **Annexure 7** and **Annexure 8**, being the restructure agreements, the lock-up agreement and the investment management agreement, the group has not entered into any material contracts, being:

15.1 restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business carried on by the company or any of its subsidiaries, entered into at any time and containing any obligation or settlement that is material to the company or its subsidiaries as at the last practicable date; or

15.2 contracts that are otherwise considered material by the company.

16. **MATERIAL CHANGES**

16.1 Save for the following items, there have been no material changes in the financial or trading position of the group since the publication of the company's audited financial statements for the year ended 31 March 2017:

16.1.1 movements in the fair value of various investments, and the related deferred tax thereon;

16.1.2 the restructure and acquisition of certain assets forming part of Sandown Capital's investment portfolio, as indicated in **Annexure 4**;

16.1.3 disposals in Sandown Capital's existing transferable securities and other liquid financial assets investment portfolio and related tax thereon;

16.1.4 the repayment of a loan to Peregrine SA Holdings Proprietary Limited. For the avoidance of doubt, this loan was in addition to the loan set out in **Annexure 15**; and

16.1.5 the settlement of sundry current liabilities.

There have been no material changes in the business of the company since the publication of the company's audited financial statements for the year ended 31 March 2017.

16.2 The NAV statement of Sandown Capital is set out in **Annexure 17.**

17. **DIRECTORS' AND RELATED PARTIES' INTEREST IN SHARES**

17.1 The interests of the directors and associates of the directors in Sandown Capital shares, both as at the last practicable date and pursuant to the unbundling, are detailed in **Annexure 1**.

17.2 As at the last practicable date, none of the advisers of the company have or have had an interest in any shares or options in respect of shares.

18. **COMMISSIONS PAID AND PAYABLE**

18.1 No amount has been paid, or accrued as payable, since incorporation of the company, as commission to any person, including commission so paid or payable to any sub-underwriter that is the holding company or director or officer of the company, for subscribing or agreeing to subscribe, or procuring, or agreeing to procure, subscriptions for any securities of the company.

18.2 Since incorporation of the company, there have been no commissions paid or payable by the company in respect of underwriting.

18.3 The company has no promoter. Since incorporation, the company has not entered into any promoter's agreements and as a result no amount has been paid or is payable to any promoter.

18.4 There are no royalties payable or items of a similar nature in respect of Sandown Capital.

18.5 There were no commissions, discounts, brokerages or other special terms granted during the three years preceding the date of the pre-listing statement in connection with the issue or sale of any securities, stock or debentures in the capital of Sandown Capital, where this has not been disclosed in any audited annual financial statements.

19. **CORPORATE GOVERNANCE**

The company's corporate governance statement is set out in **Annexure 16**.

20. **LITIGATION**

The Sandown Capital group is not involved in any governmental, legal or arbitration proceedings and, in so far as the directors are aware, there are no governmental, legal or arbitration proceedings pending or threatened against them, or which have been brought by the group, which may have, or have had in the recent past, a material effect on the financial position or profitability of the group.

21. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

22. **MATERIAL COMMITMENTS, LEASE PAYMENTS AND CONTINGENT LIABILITIES**

As at the last practicable date and other than in the ordinary course of business, the company has no capital commitments, financial lease payments and/or contingent liabilities.

23. **MATERIAL COMMITMENTS IN RESPECT OF ACQUISITION AND ERECTION OF BUILDINGS, PLANT AND MACHINERY**

As at the last practicable date, the company does not have any material commitments for the purchase and erection of buildings, plant or machinery.

24. **PRINCIPAL IMMOVABLE PROPERTY LEASED OR OWNED**

24.1 As set out in **Annexure 4**, the company holds 79.41% of the equity in Rinjani Holdings Limited, which has an economic interest in several immovable properties in the UK and Germany.

24.2 Sandown Capital leases offices situated at 6A Sandown Valley Crescent, Sandown, 2196 from Peregrine SA Holdings Proprietary Limited in terms of a one year sub-lease agreement.

24.3 Save as set out above, as at the last practicable date, the company does not own any immovable property nor has the company entered into any leases in respect of immovable property.

25. **DIRECTORS' RESPONSIBILITY STATEMENT**

The directors, whose names are given in **Annexure 1**:

25.1 have considered all statements of fact and opinion in this pre-listing statement;

25.2 collectively and individually, accept full responsibility for the accuracy of the information given;

25.3 certify that, to the best of their knowledge and belief, there are no facts the omission of which would make any statement false or misleading;

25.4 have made all reasonable enquiries in this regard; and

25.5 certify that, to the best of their knowledge and belief, the pre-listing statement contains all information required by the JSE Listings Requirements.

26. EXPENSES RELATED TO THE LISTING

26.1 The estimated expenses, exclusive of VAT, relating to the listing on the JSE and the restructure which have been incurred within the three years preceding the date of this pre-listing statement or are expected to be incurred are set out below:

Expense	**Recipient**	**Rand**
Corporate advisory and sponsor fee	Java Capital	4 000 000
Tax advisory	Java Capital	650 000
Independent reporting accountants' fee	Deloitte	500 000
Independent transaction sponsor fee	Deloitte	50 000
Benchmark study of investment advisory fee	Deloitte	150 000
Independent reporting accountants' fee	KPMG	200 000
Legal advisory fee	Werksmans	1 000 000
Legal advisory fee	Harneys	250 000
Legal advisory fee	Carey Olson	100 000
JSE documentation fee	JSE	130 000
JSE listing fee	JSE	327 000
Printing, publication, distribution and advertising costs	Ince/Visioneers	660 000
Transfer secretarial fee	Computershare	30 000
Sundry	–	3 453 000
Total		**11 500 000**

26.2 The company will pay the above expenses out of available cash reserves.

27. CONFIRMATION OF INDEPENDENCE AS SPONSOR AFTER LISTING

Java Capital, a member of the Peregrine group, is acting in the capacities of corporate advisor and sponsor and Java Capital Tax Advisory is acting in the capacity of tax advisor in respect of the restructure. In addition, Java Capital is a member of the Peregrine group. Deloitte and Touche Sponsor Services Proprietary Limited have been appointed as independent transaction sponsor in respect of the unbundling circular issued by Peregrine as well as this pre-listing statement. As Sandown Capital will not be a member of the Peregrine group at the time of listing, and as required in terms of the JSE Listings Requirements, it is confirmed that there is no matter that would impact Java Capital's ability to exercise reasonable care and judgement to achieve and maintain independence and objectivity in professional dealings in relation to Sandown Capital after Sandown Capital is listed.

28. CONSENTS

28.1 Each of the corporate advisor, sponsors, independent reporting accountants and auditors, legal advisors, company secretary, transfer secretaries and bankers whose names are included in this pre-listing statement have consented in writing to the inclusion of their names in the capacity stated, and have not withdrawn such consent prior to publication of this pre-listing statement.

28.2 The independent reporting accountants have consented to the inclusion of their reports in the form and context in which they are included in the pre-listing statement, which consent has not been withdrawn prior to the publication of this pre-listing statement.

29. **DOCUMENTATION AVAILABLE FOR INSPECTION**

29.1 Copies of the following documents will be available for inspection at the company's registered office during business hours from Tuesday, 14 November 2017 up to and including Friday, 1 December 2017:

29.1.1 the signed pre-listing statement;

29.1.2 the memoranda of incorporation of Sandown Capital and its subsidiaries;

29.1.3 the letters of consent referred to in paragraph 28;

29.1.4 the material contracts referred to in paragraph 15;

29.1.5 the audited annual financial statements of the company for the years ended 31 March 2017, 31 March 2016 and 31 March 2015;

29.1.6 the signed reports by the independent reporting accountants, as set out in **Annexure 10, Annexure 12** and **Annexure 14**; and

29.1.7 the audited carve-out financial statements referred to in **Annexure 15** together with the reporting accountants' reports thereon.

Signed by Sean Jelley on 14 November 2017 on behalf of all of the directors.

who warrants that he is duly authorised thereto in terms of a power of attorney granted to him by each of the directors of Sandown Capital.

DIRECTORS, EXECUTIVE MANAGEMENT, FOUNDERS, APPOINTMENT, QUALIFICATION, REMUNERATION AND BORROWING POWERS

1. FULL NAMES, NATIONALITIES, AGES, BUSINESS ADDRESSES, ROLES, QUALIFICATIONS, OCCUPATIONS AND EXPERIENCE OF EACH DIRECTOR OF THE COMPANY AND THE INVESTMENT MANAGER

The full names (including former names, if applicable), ages, nationalities, qualifications, roles, business addresses, occupations and experience of each of the directors of the company are set out below:

DIRECTORS OF SANDOWN CAPITAL

Director name, age, nationality and qualification	Role	Business address	Occupation and experience
Lawrie Zev Brozin (61) South African BComm, BAcc, CA(SA)	Independent non-executive chairman	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Lawrie is the non-executive Chairman of Sandown Capital. He began his career managing his family's business interests which included Nando's and other diverse investment companies. In 1996, Lawrie became involved with Brimstone Investment Corporation, from the group's early beginnings to its listing on the JSE in 1998, serving as Financial Director of the group from 2007, until his retirement in 2016. He has served on the boards of Brimstone's various investment interests, including; Life Healthcare, Sea Harvest and The Scientific Group. Lawrie has subsequently retired from Brimstone Investment Corporation Limited and now serves on the boards of Paycorp Group Proprietary Limited and Nando's Group Holdings.

DIRECTORS OF SANDOWN CAPITAL

Director name, age, nationality and qualification	Role	Business address	Occupation and experience
Sean Alan Melnick (48) British/South African BCom (Hons), CFA	Chief Executive Officer	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Sean is the Chief Executive Officer of Sandown Capital and a founder and non-executive chairman of Peregrine Holdings Limited. He is also chairman of Stenham Limited, Peregrine's international subsidiary. Sean began his career at Liberty Asset Management in 1992, where he headed up the group's derivatives desk and was a Senior Portfolio Manager before joining the derivative trading and structuring desk at Investec Bank Limited in 1995. Sean left Investec Bank in 1996 to co-found Peregrine, took on the role of Group Chief Executive Officer in 1997 and led the group to its successful listing on the JSE in June 1998. Sean has spent a cumulative 11 years in the position of Peregrine Group Chief Executive Officer, and a further eight years as either deputy Chairman or Chairman. Sean has been primarily responsible for and integrally involved in the Peregrine Group's expansion strategy from inception.
Sean Kevin Jelley (52) British/South African BComm, GDipAcc CA(SA)	Chief Financial Officer	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Sean is the Chief Financial Officer of Sandown Capital. Sean has over 20 years of board-level experience in the financial services industry, including as an industry-rated equity analyst, co-founder and CEO of an institutional stockbroker, co-managing partner of a successful private equity fund, and previously CEO of Stenham Limited, a global alternative asset manager with more than $5 billion of assets under management, including global hedge funds and UK and European real estate investments.

DIRECTORS OF SANDOWN CAPITAL

Director name, age, nationality and qualification	Role	Business address	Occupation and experience
Duncan James Randall (43) South African BArts (African Politics), DPhil (Politics) Oxford	Independent non-executive director	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Duncan is Managing Director of Tana Africa Capital, a private equity investment company owned by the Oppenheimer Family and Temasek. Previously he was Managing Director of Africa Holdings, an Oppenheimer Family owned private equity fund. He joined Africa Holdings from First Rand Bank Limited where he was CEO of FNB Enterprise Solutions, a specialised SME financing division. He formed and managed two SME focused investment funds, the Enablis Khula Loan Fund and the Progress Fund. Duncan was previously a McKinsey & Company Consultant in the firm's Johannesburg office. He joined McKinsey after completing a doctorate in Politics at the University of Oxford where he was a Rhodes Scholar.
Andrew James Hannington (61) South African BComm (Hons), CTA, CA(SA)	Independent non-executive director	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Andrew was previously CEO of Grant Thornton in Johannesburg, and prior to that CEO and National Chairman of PKF. He was a member of the South African Institute of Chartered Accountants Senior Partners Committee and during his career acted as the reporting accountant on a number of JSE listings. Andrew is currently an independent corporate consultant and in addition, advises a number of non-profit organisations in the environment, religious and education sectors.
Mandy Yachad (56) South African BComm, LLB	Non-executive director	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Prior to joining the Peregrine Group on 1 October 1999, Mandy practised at Werksmans Attorneys for 14.5 years, the last nine years as a partner in the commercial department. After being an invitee to Peregrine board meetings since February 2003, he was appointed as an executive director of Peregrine in November 2010. Mandy's responsibilities include Head of Internal Corporate Finance and general legal functions within the Peregrine Group and he is also the designated representative of the Company Secretary.

DIRECTORS OF SCIL

The sole director of SCIL is Burhou Limited, with registered address a Kingsway House, Havilland Street, St Peter Port, Guernsey, Channel Islands, GY1 2QE.

DIRECTORS OF SANDOWN MANAGEMENT

Director name, age, nationality and qualification	Role	Business address	Occupation and experience
Anne Wilby (61) British Dip. ICSA, MICA	Non-executive director and member of the investment advisory committee*	La Corvee House, LaCorvee, Alderney, Channel Islands GY9 3TQ	Managing Director, Stenham Trustees Limited, with over 20 years' fiduciary experience with the Stenham Group
Philip Mercer (58) British BSc (Hons), TEP	Non-executive director and member of the investment advisory committee*	La Corvee House, LaCorvee, Alderney, Channel Islands GY9 3TQ	Director, Stenham Trustees Limited with over 15 years' fiduciary experience. Nine years with the Stenham Group.
Sean Jelley (52) British/South African BComm, GDipAcc CA(SA)	Executive director and member of the investment advisory committee*	6A Sandown Valley Crescent, Sandown, Sandton, 2196	Sean is the Chief Financial Officer of Sandown Capital. Sean has over 20 years of board-level experience in the financial services industry, including as an industry-rated equity analyst, co-managing partner of a successful private equity fund, and previously CEO of Stenham Limited, a global alternative asset manager with more than $5 billion of assets under management, including UK and European real estate investments.

**The Sandown Management board of directors operates as an investment advisory committee which considers and signs-off on all strategic and transactional advice provided to the Sandown Capital board.*

The table below lists the companies and partnerships of which each director of the company and the investment manager is currently a director or partner over the five years preceding the pre-listing statement.

DIRECTORS OF SANDOWN CAPITAL

Director	Directorships and partnerships currently held	Directorships and partnerships held in the past five years
Sean Melnick	Sandown Capital Limited Peregrine Holdings Limited Illingmoss Investments Proprietary Limited Phatsima Quarries Proprietary Limited Beauclerc Advisory Services Limited Aquis Exchange Limited Pinecourt Advisors Limited Oakchester Limited Worldwide Royalties Investments Limited Germane Financial Consultings Proprietary Limited Stenham Limited	PGR 2 Investments Proprietary Limited Chasm Equity Fund Proprietary Limited Direct Securities Proprietary Limited Perefin Investment Holdings Peregrine Financial Services Holdings Limited Peregrine Management Services Proprietary Limited Peregrine SA Holdings Proprietary Limited Peregrine Strategic Investments Proprietary Limited Peregrine Treasury Solutions Proprietary Limited Phatsima Brick and Clay Proprietary Limited Phatsima Industrial Proprietary Limited PGR 33 Investments Proprietary Limited PGR 23 Nominees Proprietary Limited Prosperity Investment Holdings Proprietary Limited Prosperity Multi Manager Proprietary Limited Taita Holdings Proprietary Limited Upfield Investments Proprietary Limited TWF Investments Proprietary Limited ApexHi UK Limited ApexHi Property Fund Limited APF1 Limited
Sean Jelley	Sandown Capital Limited Sandown Management Limited Jelstar Properties Proprietary Limited Firefly Partnership 61	Stenham Limited Stenham Group Limited Stenham Property Finance Limited Stenham Shared Services (CI) Limited Stenham Support Services Limited

Director	Directorships and partnerships currently held	Directorships and partnerships held in the past five years
Lawrie Brozin	Sandown Capital Limited Zibiset Proprietary Limited Paycorp Investments Proprietary Limited Cape Monarch Investments Proprietary Limited (RF) Brimstone Management Company Proprietary Limited Brozent Holdings Proprietary Limited African Monarch 710 Investments Holdings Proprietary Limited Business Ventures Investments No 813 Proprietary Limited Hoek Plein Properties Proprietary Limited Business Venture Investments No 931 Proprietary Limited Newshelf 778 Proprietary Limited Emunah Property Holdings Proprietary Limited Blazing Fortune Properties 9 Proprietary Limited Middelbro Property Company Proprietary Limited Broshore Investments Proprietary Limited Circuit Finance Proprietary Limited Max Brozin Investment Corporation Proprietary Limited Levbro Proprietary Limited Nando's Group Holdings Limited	Friedshelf 1534 Proprietary Limited Friedshelf 1534 Proprietary Limited (RF) ENFML Nominees Limited Life Impilo Proprietary Limited Project Literacy Education Centres Limited Brimstone Investment Corporation Limited Brimco Proprietary Limited Newshelf 779 Proprietary Limited Inkanyezi Investments Proprietary Limited Morulat Property Investments 4 Proprietary Limited Business Ventures Investments No 1058 Proprietary Limited Elite Star Properties 3 Proprietary Limited Newshelf 831 Proprietary Limited (RF) Sea Harvest Group Limited Sea Harvest Corporation Limited The Scientific Group Limited Newshelf 1169 Proprietary Limited Newshelf 1168 Proprietary Limited Newshelf 1269 Proprietary Limited (RF) Newshelf 1279 Proprietary Limited (RF)
Duncan Randall	Sandown Capital Limited Rocacorba Proprietary Limited Tokiso Dispute Settlement Proprietary Limited Tana Africa Capital Managers Proprietary Limited SANA Education Limited SANA Education Morocco SA	Regina Co. for Pasta and Food Industries Promasidor Nigeria Limited Promasidor (Mauritius) Holding Limited Promasidor IP Holding Limited Promasidor Cameroon Holdings Limited Promasidor Ethiopia Holdings Limited Promasidor Ghana Promasidor Holding Limited Promasidor Inc. Cowbell International Inc. The Milk Company Limited Cowbell International Est Chart Investment Limited

Director	Directorships and partnerships currently held	Directorships and partnerships held in the past five years
Andrew Hannington	Sandown Capital Limited Nunpale CC Grant Thornton Consulting Services Proprietary Limited UNI Nominees Proprietary Limited Golden Circle Investments 123 Proprietary Limited Midnight Storm Investments 203 Proprietary Limited Memela Pratt and Associates Proprietary Limited Gillbrooke Investments Proprietary Limited Republic Nominees Proprietary Limited Hereford Investments Proprietary Limited Axonlane Investments Proprietary Limited Oceanbell Investments Proprietary Limited Moneyspan Investments Proprietary Limited Parmane Investments Proprietary Limited Lorimane Investments Proprietary Limited Wyndmane Investments Proprietary Limited Walebeck Investments Proprietary Limited Northlight Investments Proprietary Limited Buildworks Nominees Proprietary Limited FHS Secretarial Services CC Priority Secretarial Services CC	Grant Thornton Johannesburg Partnership Arrowhead Nominees Proprietary Limited Grant Thornton South Africa Proprietary Limited Republic Nominees Proprietary Limited Grant Thornton Consulting (Johannesburg) Proprietary Limited Grant Thornton BEE Solutions (Johannesburg) Proprietary Limited Grant Thornton Strategic Services Proprietary Limited Grant Thornton Johannesburg Proprietary Limited Grant Thornton (Johannesburg) Proprietary Limited Grant Thornton Corporate Finance Proprietary Limited Grant Thornton Advisory Services Proprietary Limited Grant Thornton Secretarial Services (Johannesburg) Proprietary Limited Grant Thornton Infrastructure Advisory Services Proprietary Limited Grant Thornton Technologies (Johannesburg) Proprietary Limited Grant Thornton Tax Advisory and Compliance Services Proprietary Limited Grant Thornton Tax Services Proprietary Limited Grant Thornton Corporate Finance (Johannesburg) Proprietary Limited Grant Thornton Finance (Johannesburg) Proprietary Limited Gauteng Nominees Proprietary Limited REB Nominees Proprietary Limited Inqolobane Proprietary Limited Mazars (Gauteng) Proprietary Limited Fisher Hoffman Proprietary Limited Prism Placements Proprietary Limited Top Fix Nominees Proprietary Limited PKF Publishers Proprietary Limited PKF South Africa Ellies Nominees Proprietary Limited

Director	Directorships and partnerships currently held	Directorships and partnerships held in the past five years
Mandy Yachad	Sandown Capital Limited Peregrine Holdings Limited Peregrine Financial Services Holdings Limited Peregrine Management Services Proprietary Limited Peregrine Strategic Investments Proprietary Limited Peregrine SA Holdings Proprietary Limited Peregrine Capital Proprietary Limited Peregrine Capital Investments Proprietary Limited Java Capital Proprietary Limited Stenprop Limited Phatsima Quarries Proprietary Limited Hi-Lite Agencies Proprietary Limited Firefly Investments 61	Caveo Fund Solutions Proprietary Limited Violation Enforcement Systems Fund Solutions Proprietary Limited Traffic Violation Solutions Proprietary Limited

DIRECTORS OF SANDOWN MANAGEMENT

Director	Directorships and partnerships currently held	Directorships and partnerships held in the past five years
Anne Wilby	Stenham Trustees Limited Cannon Asset Management Limited Bellerive Stenham Trust Limited Aldenham Investments Limited Burhou Limited Ortac Limited Brunswick Limited	Centaurus Limited Longoak Investments Limited Seahall Holdings Limited Westmead Enterprises Limited
Philip Mercer	Burhou Limited Brunswick Limited Ortac Limited Aldenham Investments Limited Stenham Trustees Limited	City Views Limited High Views Limited Eproc Limited Media Hedge Limited Dream Group International Limited
Sean Jelley	As above	As above

2. REMUNERATION OF THE DIRECTORS

2.1 The remuneration and benefits paid by the company to its directors for the financial year ending 31 March 2017 are set out below. At the time Sandown Capital was a wholly owned subsidiary of Peregrine.

	Basic salary R'000	Director fees R'000	Performance bonus, other fees and other material benefits R'000	Expense allowance R'000	Pension scheme contributions R'000	Commissions R'000	Performance bonus R'000	Emoluments for services R'000	Long-term incentive bonus R'000	Share of profit R'000	Total emoluments R'000
Mandy Yachad	2 323	–	4 177	–	316	–		6 816	1 172	–	**7 988**

2.2 As at the last practicable date, the remuneration and benefits to be paid by the company to the directors of Sandown Capital in their capacity as directors (or in any other capacity) for the financial year ending 31 March 2018 will be as set out below.

Director	Basic salary R'000	Director fees^ R'000	Performance bonus, other fees and other material benefits R'000	Expense allowance R'000	Pension scheme contributions R'000	Commissions R'000	Shares or share options or similar rights R'000	Share of profit R'000	Total R'000
Sean Melnick	–	–	–	–	–	–	–	–	–
Sean Jelley	–	–	–	–	–	–	–	–	–
Lawrie Brozin	–	200	–	–	–	–	–	–	**200**
Duncan Randall	–	170	–	–	–	–	–	–	**170**
Andrew Hannington	–	185	–	–	–	–	–	–	**185**
Mandy Yachad	1 129*	165	–	–	–	–	–	–	**1 294**
Total	**1 129**	**720**	**–**	**–**	**–**	**–**	**–**	**–**	**1 849**

^ Represents the fees payable to the non-executive directors for the six months ending 31 March 2018.

** Prior to the restructure and unbundling, Sandown Capital, as a wholly-owned subsidiary of Peregrine paid the remuneration and benefits of the executive directors of Peregrine, including Mandy Yachad.*

2.3 Sean Melnick and Sean Jelley are employees and representatives of the investment manager, Sandown Management, and are seconded to the company in terms of the investment management agreement, further details of which are set out in paragraph 4 of **Annexure 7**. The remuneration and benefits paid to Sean Melnick and Sean Jelley for their services as directors of the company will be borne by the investment manager and will form part of the fees payable by the company to the investment manager for investment management services provided, and do not accrue to them in their personal capacity. In terms of their contracts with the investment manager, Sean Melnick and Sean Jelley will each receive basic annual remuneration of R540 000 and a share of the after tax profits of the investment manager. Even though Sean Jelley is seconded to the company by the investment manager, he is a full-time director of the company.

2.4 Mandy Yachad, previously an executive director of the company, become a non-executive director with effect from 3 October 2017, from which position he is expected to step down on or before the expiry of a transitional period ending no later than 31 March 2018. The board is in the process of identifying a suitable replacement, which appointment as an independent non-executive director will be confirmed on or before 31 March 2018.

2.5 Save as set out above, none of the current directors of Sandown Capital have received any remuneration or benefits paid by the company in their capacity as directors (or in any other capacity).

2.6 There shall be no variation to the fees receivable by any of the directors as a consequence of the listing on the JSE.

3. EXECUTIVE FINANCIAL DIRECTOR

The audit and risk committee has considered and satisfied itself that Sean Jelley, being the chief financial officer of Sandown Capital, has the appropriate experience and expertise to fulfil this role.

4. DIRECTORS' INTERESTS IN SECURITIES

4.1 Directors' interests in the company

As at the last practicable date, Peregrine holds 100% of the issued share capital of the company. Following the unbundling, the directors of Sandown Capital will, directly or indirectly, hold the following beneficial interests in Sandown Capital shares:

Director	Direct holding	Indirect holding	Total shares held	% of issued shares
SA Melnick	881	16 859 350	16 860 231	7.5
A Hannington	–	864	864	–
M Yachad	80 264	1 974 169	2 054 433	0.9
Total	**81 145**	**19 165 531**	**18 155 528**	**8.4**

5. DIRECTORS' INTERESTS IN TRANSACTIONS

5.1 Set out below are the names of the entities that are directly beneficially interested in the issued share capital of the investment manager and in which the directors hold an interest. Sean Jelley is also a director of the investment manager.

Name of shareholder	% of shares in issue
Sean Melnick	75
Sean Jelley	25
Total	**100**

5.2 Save as set out above, the directors of the company had no beneficial interest in transactions entered into by the company:

5.2.1 during the current financial year; or

5.2.2 during an earlier financial year which remain in any respect outstanding or unperformed.

5.3 No amount has been paid to any director (or to any company in which he is interested (whether directly or indirectly) or of which he is a director or to any partnership, syndicate or other association of which he is a member) since incorporation of the company (whether in cash or securities or otherwise) by any person either to induce him to become or to qualify him as a director or otherwise for services rendered by him (or by the associated entity) in connection with the promotion or formation of the company.

6. DIRECTORS' INTERESTS IN PROPERTY ACQUIRED OR TO BE ACQUIRED

No director has had any material beneficial interest, direct or indirect, in the promotion of the company or in any property acquired or proposed to be acquired by the company or otherwise in the three years preceding the last practicable date and no amount has been paid during this period, or is proposed to be paid, to any director.

7. TERMS OF OFFICE

The executive directors of the company are employed by the investment manager and have been seconded to the company. As such there are no contracts of employment between the company and the executive directors.

8. DIRECTORS' DECLARATIONS

None of the directors have been involved in:

8.1 any bankruptcies, insolvencies or individual voluntary compromise arrangements of such person;

8.2 any business rescue plans and/or resolution proposed by any entity to commence business rescue proceedings, application having been made for any entity to begin business rescue proceedings, notices having been delivered in terms of section 129(7) of the Companies Act, receiverships, compulsory liquidations, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of any company; where such person is or was a director, with an executive function within such company at the time of, or within the 12 months preceding, any such event(s);

8.3 any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event(s);

8.4 receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event;

8.5 any public criticisms of such person by statutory or regulatory authorities, including recognised professional bodies, and whether such person has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

8.6 any offence involving dishonesty committed by such person;

8.7 a removal from an office of trust, on the grounds of misconduct and involving dishonesty; and

8.8 any court order declaring such person delinquent or placing him under probation in terms of section 162 of the Companies Act and/or section 47 of the Close Corporations Act, 69 of 1984 or disqualifying him to act as a director in terms of section 219 of the Companies Act, 61 of 1973.

9. MEMORANDUM OF INCORPORATION

The relevant extracts of the memorandum of incorporation of the company, providing for the appointment, qualification, retirement, remuneration and borrowing powers of the directors and the powers of a director to vote on proposals, arrangements or contracts in which he is materially interested, are set out in **Annexure 6**.

10. BORROWING POWERS

The borrowing powers of the company exercisable by the directors are unlimited and, accordingly, have not been exceeded since incorporation of the company.

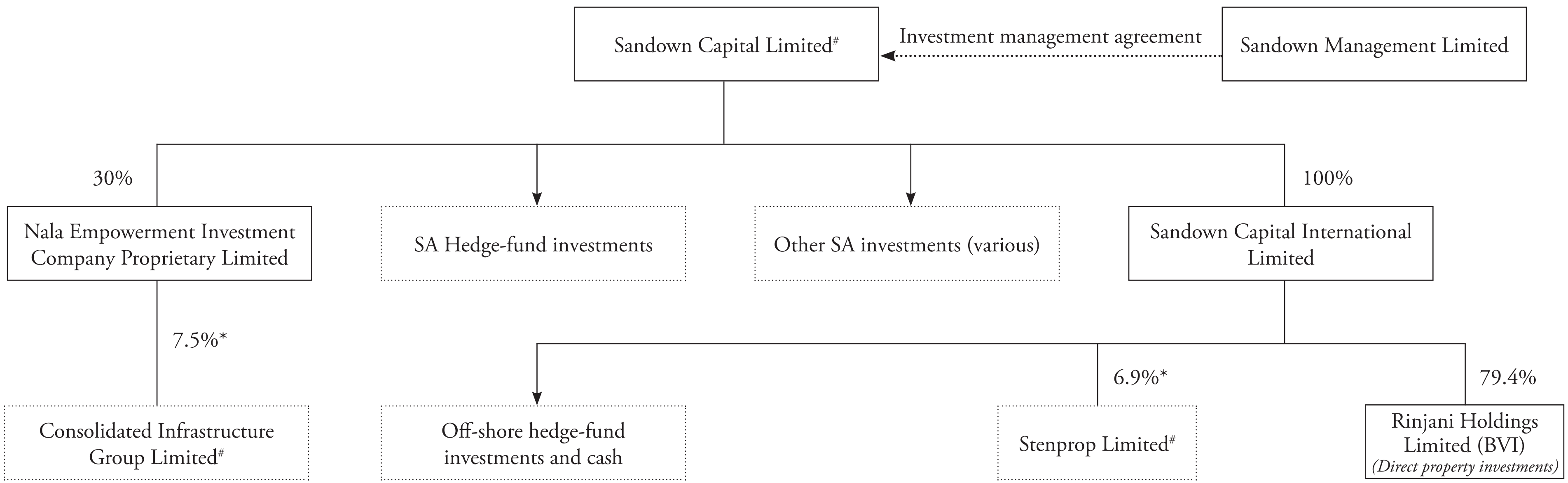
11. SUMMARY OF EXISTING OR PROPOSED CONTRACTS (WHETHER WRITTEN OR ORAL) RELATING TO DIRECTORS' AND MANAGERIAL REMUNERATION, RESTRAINT PAYMENTS, ROYALTIES AND SECRETARIAL AND TECHNICAL FEES

11.1 Save for the service contracts between the executive directors and Sandown Management, there are no existing or proposed contracts (whether written or oral) relating to directors or managerial remuneration, restraint payments, royalties or secretarial and technical fees.

11.2 As at the date of the pre-listing statement, there were no other contracts or arrangements in which the directors were materially interested and which were significant in relation to the business of the company.

GROUP STRUCTURE

The structure of Sandown Capital is set out below:



*Approximate shareholding.
#Listed on the JSE.

DETAILS OF SUBSIDIARIES

1. MAJOR SUBSIDIARIES

The following table contains details of the major subsidiary of the company, SCIL:

Name of company and registration number	Date and place of incorporation	Issued share capital	% held by Sandown Capital	Nature of business	Date of becoming a subsidiary
Sandown Capital International Limited (Registration number 63843)	28 July 2017, Guernsey	1 000	100	Investment holding company	22 September 2017

**SCIL is not listed on the JSE or any other stock exchange.*

2. INTRA-GROUP LOANS

There are no intra-group loans or borrowings as at the last practicable date.

DETAILS OF CURRENT INVESTMENTS

Details of the company's investments pursuant to the implementation of the restructure are set out below:

Listed securities

Name	Ticker	Country	Sector	Exchange	Currency	Market cap	No. of shares held	Market value as at 29 September 2017	% interest
Consolidated Infrastructure Group Limited*	CIL	RSA	Electrical Equipment	JSE	ZAR	R2.94 billion	15 060 112	R185.7 million	7.45
Stenprop Limited	STP	Bermuda	Real Estate Holding & Development	JSE/BVI	ZAR	R5.36 billion	20 220 468	R383 million	6.93

**Sandown Capital holds a 30% interest in Nala Empowerment Investment Company Proprietary Limited which holds 15 060 112 CIL shares. The total investment by Nala Empowerment Investment Company is reflected in the above table.*

Hedge fund investments

Description	Fair value as at 29 September 2017
South African hedge fund investments#	R517 760 159
Off-shore hedge fund investments$	R125 128 077

The South African hedge fund investments are predominantly investments in long/short equity hedge funds managed by Peregrine Capital Proprietary Limited and Electus Fund Managers Proprietary Limited.

$ The offshore hedge fund investments are fund of hedge funds managed by Stenham Asset Management Limited.

Unlisted Securities (offshore)

Description	Fair value as at 29 September 2017	% interest
Rinjani Holdings Limited (BVI)^	R126 811 000	79.41

^ Rinjani indirectly through foreign subsidiaries holds foreign property investments in the United Kingdom and Europe.

Notes:

1. Mark-to-market published prices have been used to determine the value of Sandown Capital's investments in listed securities and hedge funds. The fair value of Sandown Capital's investment in Rinjani Holdings Limited was determined with reference to the most recent property valuations done in respect of the properties held by Rinjani Holdings Limited. The same valuation methodologies applied in Sandown Capital's annual financial statements have been applied in this **Annexure 4**.
2. Save for income earned on South African hedge fund assets prior to the restructure, no income has been received by Sandown Capital from these investments.
3. There are no extraordinary items to disclose.
4. There is no provision for the diminution of value in the above investments.
5. Save for arising in respect of South African hedge fund assets prior to the restructure, there are no unrealised profits in respect of the above investments.
6. The majority of the above assets have been acquired by Sandown Capital pursuant to the restructure, which is an internal restructure of the Peregrine group. The assets acquired are predominantly cash, listed securities and hedge fund assets. As such, the Peregrine group has not guaranteed book debts in respect of the assets acquired by Sandown Capital, is not precluded from carrying on business in competition with Sandown Capital and there is no apportionment of any liability for accrued taxation.
7. A register of investments is available for inspection at the registered office of the company in terms of section 26 of the Companies Act.

SHARE CAPITAL AND SHAREHOLDING

1. MAJOR AND CONTROLLING SHAREHOLDERS

As at the last practicable date, Peregrine holds 100% of the issued share capital of the company. Set out below are the names of shareholders that will, pursuant to the unbundling, directly or indirectly, be beneficially interested in 5% or more of the issued share capital of Sandown Capital:

Shareholder	Direct holding	Indirect holding	Total shares held	% of issued shares
Sean Melnick	881	16 859 350	16 860 231	7.50
Government Employees Pension Fund – Public Investment Corporation	–	20 844 168	20 844 168	9.22
Old Mutual Life Assurance Company	–	26 198 534	26 198 534	11.59
Investec Asset Managers (on behalf of various funds)	–	13 279 047	13 279 047	5.87
	881	**77 181 099**	**77 181 980**	**34.14**

It is not anticipated that there will be a controlling shareholder immediately following the unbundling and the listing on the JSE.

2. SHARES ISSUED OTHER THAN FOR CASH

No shares have been issued or agreed to be issued otherwise than for cash by the company.

3. COMPANY'S SHARE CAPITAL

3.1 The authorised and issued share capital of the company as at the listing on the JSE, will be as follows:

	R'000
Authorised	
500 000 000 ordinary shares of no par value	–
Issued	
226 065 696 ordinary shares of no par value	–
Stated capital	1 250 000
Total	**1 250 000**

The company does not hold any shares in treasury.

3.2 The board may only issue unissued shares where shares of that particular class are listed and/or grant options if such shares and/or options have first been offered to existing shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the board may determine, unless such shares and/or options are issued for the acquisition of assets by the company. Notwithstanding the foregoing, shareholders may authorise the directors to issue unissued securities and/or grant options to subscribe for unissued securities as the directors in their discretion see fit, provided that the corporate action(s) to which any such share issue or grant of options relates shall be valid for a period of 12 months from the date of listing on the JSE, or until the company's first annual general meeting of shareholders.

4. RIGHTS ATTACHING TO SHARES

4.1 Extracts of the company's memorandum of incorporation relating to rights attaching to shares are set out in **Annexure 6**.

4.2 All shares to be distributed to Peregrine shareholders in terms of the unbundling, and in issue as at the last practicable date and listing date, will rank *pari passi* with all other issued shares of the company.

4.3 In accordance with the company's memorandum of incorporation, during any vote at any general meeting every person present and entitled to exercise voting rights shall be entitled to one vote on a show of hands, irrespective of the number of voting rights that person would otherwise be entitled to exercise or on a poll any person who is present at the meeting, whether as a shareholder or as proxy for a shareholder, has the number of votes determined in accordance with the voting rights associated with the securities held by that shareholder.

4.4 Shareholders are entitled to participate proportionally in any distribution made by the company and to receive proportionally the net assets of the company upon its liquidation.

4.5 Any variation in rights attaching to shares will require the consent of 75% of shareholders in a general meeting in accordance with the company's memorandum of incorporation.

4.6 Only such members that are registered in the company's register on the day when a distribution is declared or on such other day as may be determined by the board as the last date for registration for the distribution, will be entitled to receive the distribution so declared.

5. **ALTERATIONS TO SHARE CAPITAL OF THE COMPANY**

5.1 The company was incorporated on 28 June 2000 with an authorised share capital of R1 000 divided into 1 000 shares of R1 each, of which 600 shares were issued. As part of a Peregrine group restructure during September 2012:

5.1.1 Peregrine subscribed for 1 share;

5.1.2 the share capital of the company was converted from par value shares to no par value shares and the authorised share capital was increased to 2 000 shares of no par value;

5.1.3 the remaining 1 399 shares in the authorised share capital of the company were issued to a member of the Peregrine group; and

5.1.4 the company was constituted a wholly owned subsidiary of Peregrine with Peregrine holding all 2 000 shares of no par value.

5.2 On 13 September 2017, the company was converted to a public company and the authorised share capital of the company was increased from 2 000 ordinary shares of no par value to 500 000 000 ordinary shares of no par value.

5.3 226 063 696 ordinary shares of no par value were issued pursuant to, and as part of the restructure, as follows:

5.3.1 161 182 841 Sandown Capital shares were issued to Peregrine for a nominal consideration of R100 on 29 September 2017;

5.3.2 22 606 570 Sandown Capital shares were issued to Peregrine at an aggregate issue price of R5.04278 per share for the acquisition by Sandown Capital of 9 000 shares in SCIL (which shares Peregrine received as a distribution arising out of the acquisition by SCIL of, *inter alia*, Rinjani) on 2 October 2017; and

5.3.3 42 274 285 Sandown Capital shares were issued to Peregrine at an aggregate issue price of R5.07865 per share for a total subscription price of R214 696 402, which subscription price was set-off against non-interest-bearing loan owing by Sandown Capital to Peregrine (which Peregrine received as a distribution arising out of the acquisition by Sandown Capital of South African hedge-fund assets) on 2 October 2017.

5.4 Since incorporation of the company, and save as set out above:

5.4.1 there has been no increase in the authorised share capital of the company;

5.4.2 there has been no issue or offer of securities of the company;

5.4.3 there has been no consolidation or sub-division of shares in the company;

5.4.4 no offer for shares in the company has been made to the public;

5.4.5 no share repurchase has been undertaken by the company; and

5.4.6 there has been no amount payable by way of premium on any share issued by the company.

5.5 The shares of the company are not listed on any other stock exchange.

6. FOUNDERS AND MANAGEMENT SHARES

6.1 There are no deferred shares.

6.2 Save as set out in paragraph 4 of **Annexure 1**, no shares will be held by founders or the directors of the company pursuant to the unbundling.

6.3 Save as set out in paragraph 24 of this pre-listing statement, Sandown Capital does not own any physical property nor has it entered into any agreement to acquire any assets as at the last practicable date. The directors do not have any material interest in any acquisition or disposal of any assets.

7. OPTIONS AND PREFERENTIAL RIGHTS

7.1 There are no option, preferential conversion, redemption and/or exchange rights in respect of any of the company's shares or other securities.

7.2 There are no contracts, arrangements or proposed contracts or arrangements whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for or acquire any shares in the company.

8. FRACTIONS

No fractions of shares have been issued.

EXTRACTS FROM THE MEMORANDUM OF INCORPORATION OF THE COMPANY

"**Article 1 – Definitions and Interpretation**

1.1 In this Agreement the following words and expressions shall have the following meanings:

1.1.1 "**Act**" means the Companies Act, No. 71 of 2008, as amended, consolidated or re enacted from time to time, and includes all schedules to such Act and, as applicable, the Regulations;

1.1.2 "**Board**" means the board of Directors of the company from time to time or if there is only one Director, then that Director;

1.1.3 "**Business Day**" means any day other than a Saturday, Sunday or a public holiday gazetted by the government of the Republic from time to time;

1.1.4 "**Central Securities Depository**" means the Central Securities Depository as defined in section 1 of the Financial Markets Act;

1.1.5 "**Certificated Securities**" means Securities issued by the company and evidenced by a certificate, as contemplated in section 1 of the Financial Markets Act;

1.1.6 "**Commission**" means the Companies and Intellectual Property Commission established by section 185 of the Act;

1.1.7 "**Company**" means Sandown Capital Limited (registration number 2000/013674/06), a public company duly incorporated in the Republic and registered on 28 June 2000;

1.1.8 "**Director**" means a member of the Board as contemplated in section 66, or an alternate director, and includes any person occupying the position of a director or alternate director, by whatever name designated;

1.1.9 "**Electronic Communication**" means an electronic communication as defined in section 1 of the Electronic Communications and Transactions Act, No. 25 of 2002;

1.1.10 "**Financial Markets Act**" means the Financial Markets Act, No. 19 of 2012, as amended, consolidated or re-enacted from time to time;

1.1.11 "**IFRS**" means the International Financial Reporting Standards formulated by the International Accounting Standards Board;

1.1.12 "**JSE**" means the JSE Limited (registration number 2005/022939/06), a public company duly incorporated in the Republic and licensed as an exchange under the Financial Markets Act;

1.1.13 "**JSE Listings Requirements**" means the listing requirements of the JSE and all other applicable rules, regulations, requirements and rulings of the JSE applicable from time to time;

1.1.14 "**MOI**" means this memorandum of incorporation, as amended or replaced from time to time;

1.1.15 "**Ordinary Share**" means an ordinary share of no par value, having the rights and privileges set out in clause 3;

1.1.16 "**Ordinary Shareholder**" means the holder of an Ordinary Share who is entered as such in the Securities Register, subject to the provisions of section 57;

1.1.17 "**Participant**" means a Participant as defined in section 1 of the Financial Markets Act;

1.1.18 "**Prescribed Officer**" means a person who, within the company, performs any function that has been designated by the Minister (as defined in the Act) in terms of section 66(10);

1.1.19 "**Regulations**" means the regulations published in terms of the Act from time to time;

1.1.20 "**Republic**" means the Republic of South Africa;

1.1.21 "**Securities**" means:

1.1.21.1 any shares, bonds, notes, debentures or other instruments, irrespective of their form or titles, issued or authorised to be issued by the company; and

1.1.21.2 anything falling within the definition of "securities" in section 1 of the Financial Markets Act, and includes shares held in a private company;

1.1.22 "**Securities Register**" means the register of issued Securities of the company required to be established in terms of section 50(1) and referred to in clause 3 hereof, which for the avoidance of doubt includes the Uncertificated Securities Register;

1.1.23 "**Security Holder**" means the holder of any Security issued by the company;

1.1.24 "**SENS**" means the Securities Exchange News Service, established and operated by the listings division of the JSE;

1.1.25 "**Share**" means one of the units into which the proprietary interest of the company is divided, and includes an Ordinary Share;

1.1.26 "**Shareholder**" means a holder of a Share issued by the company and who is entered as such in the Securities Register, subject to section 57(1), and includes an Ordinary Shareholder;

1.1.27 "**Solvency and Liquidity Test**" means the solvency and liquidity test set out in section 4;

1.1.28 "**Uncertificated Securities**" means any "securities" as defined in the Financial Markets Act; and

1.1.29 "**Uncertificated Securities Register**" means the record of Uncertificated Securities administered and maintained by a Participant or Central Securities Depository, as determined in accordance with the rules of the Central Securities Depository.

1.2 In this MOI, unless the context clearly indicates otherwise the following interpretation will apply:

1.2.1 a reference to a section by number refers to the corresponding section of the Act, as amended from time to time;

1.2.2 a reference to a clause number refers to the corresponding clause of this MOI;

1.2.3 words that are defined in the Act that are not defined in this MOI shall have the same meanings given to them in the Act;

1.2.4 any reference to the one gender shall include the other genders;

1.2.5 a reference to a natural person shall include a juristic person and *vice versa*;

1.2.6 an expression which denotes the singular shall include the plural, and *vice versa*;

1.2.7 clause headings in this MOI are provided for convenience only and no regard shall be had thereto in the interpretation of this MOI;

1.2.8 where any word or expression is defined in a specific clause, that word or expression shall have the meaning given to it in that specific clause wherever it is used in this MOI;

1.2.9 any reference to an enactment or regulation is to that enactment or regulation as at the Effective Date and as amended or re-enacted from time to time;

1.2.10 any reference to a notice shall be a reference to a written notice and shall include a notice which is transmitted electronically in a manner and for permitted in terms of the Act and/or Regulations;

1.2.11 when any number of days is prescribed, such number shall exclude the first and include the last day;

1.2.12 if the day on which anything is to be done in terms of this MOI is a day which is not a Business Day then the due date for performance shall be the next succeeding day which is a Business Day;

1.2.13 where figures are referred to in numerals and words, if there is any conflict between the two, the words shall prevail; and

1.2.14 the use of the word "including" followed by a specific example or examples shall not be construed or interpreted as limiting the meaning of the general wording preceding it.

1.3 In accordance with the provisions of the Act, in any instance where there is a conflict between a provision (be it express or tacit) of this MOI and:

1.3.1 a provision of any agreement entered into between the Shareholders as contemplated in section 15(7), the provision of this MOI shall prevail to the extent of any such conflict;

1.3.2 an alterable provision of the Act, the provision of this MOI shall prevail to the extent of any such conflict;

1.3.3 an unalterable provision of the Act, the unalterable provision of the Act shall prevail to the extent of any such conflict unless this MOI imposes a higher standard, greater restriction, longer period of time or any similar more onerous requirement in this MOI than would otherwise apply to the company in terms of an unalterable provision of the Act; provided that if there is a conflict between the Act and a provision of the JSE Listings Requirements:

1.3.3.1 the provisions of the Act and the JSE Listings Requirements shall apply concurrently, to the extent that it is possible to apply and comply with one of the inconsistent provisions without contravening the second; and

1.3.3.2 to the extent that it is impossible to apply and comply with one of the inconsistent provisions without contravening the second, the provisions of the Act shall prevail, except to the extent that the Act specifically provides otherwise."

"2.2 **Powers of the company**

2.2.1 The MOI of the company does contain restrictive conditions applicable to the company and the amendment of the MOI is only permitted by special resolution of the Ordinary Shareholders or an order of court.

2.2.2 If, notwithstanding clause 2.3.2, any provision in this MOI has the effect of limiting, restricting or qualifying any of the powers, powers or activities of the company, or limits the authority of the Directors to perform any act on behalf of the company, the proposal of any resolution to Shareholders in terms of sections 20(2) and 20(6) to ratify any action by the company or the Directors that is inconsistent with any such limit, restriction or qualification is prohibited if such ratification would lead to the ratification of an act that is contrary to the JSE Listings Requirements, unless otherwise agreed with the JSE."

"2.3 **MOI**

2.3.1 This MOI may be altered or amended only in the manner set out in sections 16, 17 or 152(6)(b) and subject to clause 2.2.1 above.

2.3.2 The purpose and powers of the company are not subject to any restrictions, limitations or qualifications. In particular, the Directors may, from time to time, at their discretion, raise or borrow or secure the payment of any sum or sums of money for the purposes of the company.

2.3.3 An amendment to this MOI must be approved by a special resolution of Ordinary Shareholders. An amendment shall include, but not be limited to:

2.3.3.1 the creation of any class of Shares;

2.3.3.2 the variation of any preferences, rights, limitations and other terms attaching to any class of Shares;

2.3.3.3 the conversion of one class of Shares into one or more classes of Shares;

2.3.3.4 an increase in the number of Securities of a class;

2.3.3.5 a consolidation of Securities;

2.3.3.6 a subdivision of Securities; and/or

2.3.3.7 the change of the name of the company.

2.3.4 Notwithstanding the provisions of clause 2.3.3, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, in accordance with the provisions of section 41(3), require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to 30% (thirty percent) of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.

2.3.5 Unissued equity securities shall be offered to existing Shareholders *pro rata* to their shareholdings, unless such Securities are to be issued for an acquisition of assets. Shareholders in general meetings may authorise the directors to issue unissued Securities, and/or grant options to subscribe for unissued securities, as the directors in their discretion deem fit, provided that such corporate action(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements.

2.3.6 Subject to clause 2.3.7, if pursuant to any corporate action or event including any capitalisation issue or rights issue a Shareholder would, but for the provisions of this clause 2.3.6, become entitled to a fraction of a Share ("**Fractional Entitlements**"), such Fractional Entitlements shall be dealt with in accordance with the JSE Listings Requirements.

2.3.9 If any amendment to the MOI contemplated in clause 2.3.3 relates to a variation of any preferences, rights, limitations and other terms attaching to any other class of Shares of the company already in issue, that amendment must not be implemented without a special resolution, taken by the holders of Shares in that class at a separate meeting of such Shareholders, and in accordance with the JSE Listings Requirements."

"2.3.12 All issues of Shares for cash and options and convertible Securities granted or issued for cash, and any repurchase of Securities, the alteration of share capital, authorised Shares and rights attaching to a class of Shares must be in accordance with the JSE Listings Requirements."

"3.1 **Shares**

3.1.1 The authorised and issued share capital of the company is as set out in **Annexure A**. The company is authorised to issue the numbers and classes of Shares as set out in **Annexure A** to this MOI. The company may only issue Shares that are freely transferrable and only within the classes and to the extent that those Shares have been authorised by or in terms of this MOI. Should Securities be certificated, the company may charge a holder a reasonable fee to cover the actual cost of issuing any lost or defaced certificate of Certificated Securities.

3.1.2 All the Shares of any particular class authorised by the company rank *pari passu* with all other Shares in the same class and therefore have the preferences, rights, limitations and other terms that are identical to the other Shares in the same class.

3.1.3 Each Share issued by the company entitles the holder to:

3.1.3.1 the right to be entered into the Securities Register as the registered holder of such Share;

3.1.3.2 vote at every general meeting or annual general meeting, in person or by proxy;

3.1.3.3 one vote on any matter to be decided by the Shareholders, except to the extent provided otherwise in the Act, this MOI or the JSE Listings Requirements; and

3.1.3.4 participate proportionally in any distribution made by the company, whether during its existence or on its dissolution.

3.1.4 Notwithstanding clause 3.1.1, the company may by resolution issue preference shares which are, or at the option of the company are liable, to be redeemed on such terms and conditions as may be determined by that resolution, and may by similar resolution, but subject to the MOI, amend or add such terms and conditions. Should there be any issued preference shares in the capital of the company, the issue of further shares ranking in priority to or *pari passu* with those preference shares, shall be deemed to be a variation of the rights attached to those preference shares which adversely affects those rights. Every preference share has associated with it an irrevocable right of the holder thereof to vote on any proposal to amend the preference, rights, limitations and other terms associated with that share."

"3.8 **Acquisition by the company of its Own Shares**

3.8.1 Subject to the provisions of the JSE Listings Requirements, the Act and the further provisions of this clause 3.8:

3.8.1.1 the Board may determine that the company acquire any Shares issued by it; and

3.8.1.2 the board of any subsidiary of the company may determine that such subsidiary shall acquire Shares in the company.

3.8.2 Notwithstanding the provisions of clause 3.8.1:

3.8.2.1 not more than 10% (ten percent), in aggregate, of the number of issued Shares of any class may be held by, or for the benefit of, all of the subsidiaries of the company, taken together; and

3.8.2.2 no voting rights attached to those Shares may be exercised while the Shares are held by that subsidiary and it remains a subsidiary of the company."

“5 **Article 5 – Shareholders’ Meetings**

5.1 **Requirement to hold meetings**

The company is not required to hold any other Shareholders’ meetings other than those specifically required by the Act and the JSE Listings Requirements provided that the company shall convene an annual general meeting of its Shareholders once in each calendar year, but no later than 15 (fifteen) months after the date of the previous annual general meeting.”

“5.4 **Notice of Shareholders’ meeting**

5.4.1 The minimum number of days for the company to deliver a notice of Shareholders meeting to the Shareholders, is fifteen (15) business days before the meeting is to begin unless every person who is entitled to exercise voting rights in respect of any item on the meeting agenda is present at the meeting and votes to waive the required minimum notice of the meeting and, notwithstanding the previous statement, must be delivered to each Shareholder entitled to vote at such meeting and who has elected to receive such documents. Contemporaneous with the delivery by the company of a notice of general or annual general meeting, the company shall cause delivery of such notice to the JSE and the announcement thereof on SENS.”

“5.6 **Quorum for Shareholders’ meetings**

5.6.1 The quorum requirements for a Shareholders’ meeting to begin, or for a matter to be considered are as follows, subject to sections 64(2) to (8):

5.6.1.1 a Shareholders’ meeting may not begin until there are at least three Shareholders entitled to attend, vote and to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and

5.6.1.2 a matter to be decided at the meeting may not begin to be considered, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda.”

“5.8 **Shareholders’ resolution**

5.8.1 Every Ordinary Shareholder has one vote in respect of each share, that he/she holds and is entitled to vote at every general/annual general meeting whether in person or by proxy except for holders of other Securities (other than Ordinary Shares and any special shares created for the purposes of black economic empowerment in terms of any black economic empowerment legislation or applicable code who are dealt with in clause 5.8.2 below) may only vote at any general/annual general meeting of the company:

5.8.1.1 during any special period during which any dividend, any part of any dividend on such preference shares or any redemption payment thereon remains in arrears and unpaid. Such special period shall be the period commencing on a day specified in the MOI, not being more than six months after the due date of the dividend or redemption payment in question or, where no due date is specified, after the end of the financial year of the company in respect of which such dividend accrued or such redemption payment become due; and/or

5.8.1.2 in regard to any resolution proposed for the winding-up of the company or the reduction of its capital.

5.8.2 In instances that such Ordinary Shareholders and any special Shares created for the purposes of black economic empowerment legislation or applicable code, are permitted to vote at general/annual general meetings, their votes may not carry any special rights or privileges and they shall be entitled to one vote for each Share that they hold, provided that their total voting right at such a general/annual general meeting may not exceed 24.99% of the total voting rights of all Shareholders at such meeting.

5.8.3 In order for:

5.8.3.1 an ordinary resolution to be approved, it must be supported by more than 50% (fifty percent) of the voting rights of Shareholders exercised on the ordinary resolution, as provided in section 65(7); or

5.8.3.2 a special resolution to be approved, it must be supported by the holders of at least 75% (seventy-five percent) of the voting rights exercised on the special resolution, as provided in section 65(9), at a quorate meeting of Shareholders which is quorate in relation to that resolution; provided that this clause 5.8.3 shall not detract from the Shareholders' ability to adopt resolutions by written vote as referred to in clause 5.10.

"5.11 **Composition of the Board**

5.11.1 The Board of the company comprises of that number of Directors and alternate Directors indicated in **Annexure A**, to be elected by holders of the Companies securities entitled to exercise voting rights, as contemplated is section 68.

5.11.2 The number of Directors shall at no time be less than 4 (four) and no more than 20 (twenty).

5.11.3 Neither a Director nor an alternate Director is obliged to hold any qualification Shares. All Directors (including alternate Directors) shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the company provided that the meeting for the appointment of Directors is not conducted in terms of section 60.

5.11.4 Each Director shall retire from office and be eligible for re-election as follows:

5.11.4.1 at each annual general meeting of the Shareholders, or other general meeting of the Shareholders held on an annual basis, 1/3 (one third) of the Directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office, provided that if a Director is appointed as an executive Director or as an employee of the company in any other capacity, he shall not, while he continues to hold that position or office, be subject to retirement by rotation and he shall not, in such case, be taken into account in determining the rotation or retirement of Directors;

5.11.4.2 the Directors to retire in every year shall be those who have been longest in office since their last election or appointment, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot;

5.11.4.3 a retiring Director shall be eligible for re-election;

5.11.4.4 the company, at the general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with section 60;

5.11.4.5 the Board, shall provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution; provided that sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the Director is to be proposed to allow nominations to reach the company's office from any part in the Republic; and

5.11.4.6 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the Shareholders' meeting shall stand adjourned as provided for in this MOI, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting."

"5.12 **Authority of the Board**

5.12.1 The business and affairs of the company shall be managed by or under the direction of its Board, which has the authority to exercise all the powers and perform any of the functions of the company, as contemplated in section 66(1).

5.12.2 The Board has the power to appoint or co-opt any person as Director, whether to fill any vacancy on the Board on a temporary basis, as set out in section 68(3), or as an additional Director provided that such appointment must be confirmed by the Shareholders at the next annual general meeting of the company, as required in terms of section 70(3)(b)(i).

5.12.3 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this MOI) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the Shareholders, Directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them."

"5.12.6 Each Director may by notice to the company:

5.12.6.1 nominate any one or more than one person in the alternative (including any of his co-Directors) to be his alternate Director, subject to the approval of the other Directors of that alternate;

5.12.6.2 at any time terminate any such appointment."

5.12.7 The appointment of an alternate Director shall terminate:

5.12.7.1 when the Director to whom he is an alternate Director:

5.12.7.2 ceases to be a Director; or

5.12.7.3 terminated his appointment; or

5.12.7.4 if the Directors reasonably withdraw their approval to his appointment."

"5.12.9 The Board shall be entitled to elect a chairperson, deputy chairperson and/or any vice chairperson of the Directors and to determine the period for which each shall hold office.

5.12.10 If more than one deputy chairperson is elected, the Directors shall, upon their election, determine the order of their seniority.

5.13 **Directors' Meetings**

"5.13.5 As contemplated in section 73(5)(b), the quorum for meetings of the Board shall be a majority in number of Directors then in office; provided that unless the Board decides otherwise:

5.13.5.1 if a quorum is not present within 30 (thirty) minutes after the time appointed for the commencement of any meeting of the Board, that meeting shall automatically be postponed without motion or vote to the same day in the following week (or if that day is not a Business Day, the next Business Day), at the same time and place. The postponed meeting may only deal with the matters that were on the agenda of the meeting that was postponed;

5.13.5.2 if at any such postponed meeting a quorum is not present within 30 (thirty) minutes after the time appointed for the commencement of that meeting, then, notwithstanding the provisions of section 73(5)(b), the Directors present shall be deemed to constitute a quorum and shall be sufficient to vote on any resolution which is tabled at that meeting.

5.13.6 At any meeting of the Board:

5.13.6.1 an alternate Director shall not be entitled to attend, speak or vote unless the Director to whom he is an alternate Director is absent from that meeting;

5.13.6.2 each Director has one vote on every matter to be decided by the Board;

5.13.6.3 a resolution of the Board shall be passed by a majority of the votes cast in the manner set out in clause 5.3.5 at a quorate meeting of the Board;

5.13.6.4 in the case of a tied vote, the chairperson of the Board shall never have a casting vote; and

5.13.6.5 the provisions of this clause 5.3.6 shall not detract from the Board's ability to adopt resolutions as set out in clause 5.3.10."

"5.14 **Directors' Compensation**

5.14.1 The authority of the company to pay any remuneration to the company's non-executive Directors, in accordance with a special resolution must be approved by the company's Shareholders within the previous two years, as set out in sections 66(9) and (10). Such remuneration shall, subject to the aforegoing, be paid in accordance with guidelines determined and/or approved by the Board and/or any sub-committee thereof.

5.14.2 A Director may be employed in any capacity in the company or as a Director or employee of a company controlled by, or itself a major subsidiary of, the company provided that such appointment is and remuneration in respect of such other office must be determined by a disinterested quorum of Directors but subject to clause 5.14.1 above.

5.14.3 The Directors may be paid all their travelling and other expenses, properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the Directors or of committees thereof; and if any Director is required to perform extra services, to reside abroad or be specifically occupied about the company's business, he may be entitled to receive such remuneration as is determined by a disinterested quorum of Directors, which may be either in addition to or in substitution for any other remuneration payable but subject to clause 5.14.1 above."

"5.15 **Financial assistance**

5.15.1 The Board may, as contemplated in and subject to the requirements of section 45 and clause 5.15.2 authorise the company to provide direct or indirect financial assistance to:

5.15.1.1 a Director or Prescribed Officer of the company;

5.15.1.2 a director or prescribed officer of the related or inter-related Company;

5.15.1.3 a related or inter-related Company or corporation;

5.15.1.4 a member of a related or inter-related corporation; or

5.15.1.5 a person related to any such company, corporation, Director, Prescribed Officer or member.

5.15.2 The Board may not authorise any financial assistance, unless:

5.15.2.1 the financial assistance is:

5.15.2.1.1 pursuant to an employee share scheme that satisfies the requirements of section 97; or

5.15.2.1.2 pursuant to a special resolution of the Shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category; and

5.15.2.1.3 the Directors are satisfied that:

5.15.2.1.3.1 immediately after providing the financial assistance, the company will satisfy the Solvency and Liquidity Test; and

5.15.2.1.3.2 the terms under which the financial assistance is proposed to be given are fair and reasonable to the company."

"6. **General Provisions**

6.1 **Annual Financial Statements**

6.1.2 "The company shall each year prepare annual financial statements within 6 (six) months after the end of its financial year, or such shorter period as may be appropriate to provide the required notice of an annual general meeting in terms of section 61(7)."

"6.1.5 A copy of the annual financial statements prepared in compliance with the JSE Listings Requirements must be delivered to Shareholders at least 15 (fifteen) Business Days before the date of the annual general meeting of the company at which such annual financial statements will be considered."

"6.2 **Distributions**

6.2.1 Subject to the provisions of the Act, in particular section 46, this MOI and the JSE Listings Requirements, the company may make any proposed distribution, as defined and contemplated in the Act, if such distribution:

6.2.1.1 is pursuant to an existing legal obligation of the company, or a court order; or

6.2.1.2 is authorised by resolution of the Board,

and is effected in compliance with the JSE Listings Requirements.

6.2.2 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider appropriate.

6.2.3 The company in general meeting must not declare a larger dividend than is recommended by the Directors, but the company in general meeting may declare a smaller distribution.

6.2.4 Any distributions must be payable to Shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later.

6.2.5 All unclaimed monies that are due to any Shareholder shall be held by the company in trust for an indefinite period until lawfully claimed by such Shareholder, subject to the laws of prescription."

"6.7 **Winding-Up**

6.7.1 If the company is wound up, whether voluntarily or compulsorily:

6.7.1.1 the assets remaining, after payment of the liabilities of the company and the costs of winding-up, shall be distributed amongst the Ordinary Shareholders in proportion to the numbers of Ordinary Shares respectively held by each of them, subject to the rights of any Shareholders to whom Shares have been issued on special conditions and subject to the company's right to apply set-off against the liability, if any, of the Shareholders for unpaid capital or premium;

6.7.1.2 the liquidator, with the authority of a special resolution, may divide amongst the Shareholders *in specie* or in kind the whole or any part of the assets and whether or not those assets consist of property of one kind or different kinds."

ANNEXURE A – DIRECTORS/CLASSES OF SHARES

1. **Number of Directors/Alternate Directors**

   1.1 **Directors**

   Lawrie Brozin (*Chairman)**
   Sean Melnick *(Chief executive officer)*
   Sean Jelley *(Chief financial officer)*
   Duncan Randall*
   Andrew Hannington*
   Mandy Yachad
   ** Independent*

   1.2 Alternate Directors – N/A

2. **Number of authorised and issued Shares**

   The numbers and classes of Shares are as follows:

   2.1 **Authorised share capital**

   500 000 000 Ordinary Shares of no par value and having the rights and limitations set out in the MOI.

   2.2 **Issued share capital (as at the date of adoption of this MOI)**

   226 065 696 Ordinary Shares of no par value.

EXTRACTS FROM THE INVESTMENT MANAGEMENT AGREEMENT

The following are extracts from the investment management agreement entered into between Sandown Capital, its wholly owned subsidiary SCIL and the investment advisor.

"1. **INTERPRETATION**

1.1 In this Agreement, unless otherwise defined herein, expressions shall have the same meanings as set out below:

Agreement: this agreement as amended from time to time.

Applicable Listings Requirements means the JSE Listings Requirements and or the requirements of any other exchange on which the securities of SANDOWN CAPITAL may be listed from time to time.

Applicable Requirements: all applicable laws and regulations and, if applicable, the prevailing rules, regulations, requirements, determinations, published practice and guidelines of any governmental, market or regulatory authority in any jurisdiction to which the Investment Advisor is subject, in each case for the time being in force.

Associate: means, in relation to any person, an associated company of that person or a person connected with that person which for the purposes of this Agreement shall for the avoidance of doubt exclude SANDOWN CAPITAL.

Authorised Person: shall have the meaning given in clause 6.1.

Board: the board of directors of SANDOWN CAPITAL.

Business Day: a day (other than a Saturday, Sunday or public holiday in the South Africa or Guernsey) when banks are generally open in the South Africa and Guernsey for normal business.

Commencement Date: means 4 October 2017.

Confidential Information: all information which may be imparted in confidence or is of a confidential nature relating to the business or prospective business, plans or internal affairs of SANDOWN CAPITAL, or any of the shareholders of SANDOWN CAPITAL.

Group: SANDOWN CAPITAL and its subsidiaries from time to time.

Indemnified Persons: shall mean the directors, officers, agents and employees from time to time of the Investment Advisor.

Investment Advisory Services: the services referred to in Schedule 1.

Investment(s): shall mean investments which accord with the Investment Strategy.

Investment Strategy: shall mean the investment strategy for SANDOWN CAPITAL as approved by the board of SANDOWN CAPITAL and fully described in the pre-listing statement to be issued by SANDOWN CAPITAL in connection with its listing on the JSE. It is recorded that (a) the board of SANDOWN CAPITAL may from time to time make amendments and changes to the Investment Strategy; and (b) one of the Services of the Investment Advisor shall be to advise on and propose amendments to, and make recommendations concerning changes to, the Investments Strategy. Notwithstanding the aforegoing, no amendments or changes to the Investment Strategy shall be effective unless they are (i) approved by the board of SANDOWN CAPITAL, and (ii) insofar as any amendments or changes are of a material nature, they have been approved by the shareholders of SANDOWN CAPITAL in general meeting.

JSE means the exchange, licensed under the Financial Markets Act, No. 19 of 2012, operated by JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of the Republic of South Africa.

JSE Listings Requirements means the JSE Listings Requirements published from time to time by the JSE.

Proper Instructions: means instructions given in accordance with clause 5 of this Agreement.

Net Asset Value: the total value of all the assets owned, directly or indirectly, by SANDOWN CAPITAL, net of liabilities, provided that:

– the Net Asset Value is, for the purposes of the calculations and determinations to be made in accordance with clauses 8, 9 and 15 of this Agreement, intended to be on a "*gross*" basis before taking into account fees payable to the Investment Advisor in respect of the period in question;

– accordingly, (i) the Net Asset Value for the purposes of determining the annual fee in accordance with clause 8 should not take into account the annual fee for that year or any Performance Award paid in that year, (ii) the Net Asset Value for the purposes of calculating a Performance Award in terms of clause 9 should take into account the annual fees charged in accordance with clause 8 but should not take into account any Performance Awards paid or accrued to the Investment Advisor since the Commencement Date, and (iii) the Net Asset Value for determining whether the Hurdle Rate in terms of clause 9.2 should be calculated on a gross basis (ie before the deduction of any Performance Awards but after taking into account the annual fees); and

– the Net Asset Value shall be derived from the most recent management accounts available on the relevant Quarter Date or the audited financial statements of SANDOWN CAPITAL if so required in terms of this Agreement.

Quarter Date: means 31 March, 30 June, 30 September and 31 December of each calendar year.

Services: the Investment Advisory Services."

"3. **SERVICES**

3.1 SANDOWN CAPITAL hereby appoints the Investment Advisor to provide the Services upon the terms of this Agreement for the benefit of the group and hereby authorises the Investment Advisor to perform and carry out such Services including but not limited to actively investigating, identifying and evaluating suitable investment opportunities for the group in accordance with the Investment Strategy, and the Investment Advisor accepts such appointment and agrees to assume the obligations set forth herein.

3.2 Notwithstanding any other provisions of this Agreement:

3.2.1 all activities engaged in under the provisions of this Agreement by the Investment Advisor on behalf of the group shall at all times be subject to the overall policies, supervision, review and control of the Board, who may, by Proper Instructions, give to the Investment Advisor general or specific directions relating to any matter which is the subject of this Agreement, and in any event SANDOWN CAPITAL shall make decisions about the management of the Investments taking into account the advice and recommendations of the Investment Advisor; and

3.3 The Investment Advisor shall keep SANDOWN CAPITAL regularly informed of the progress on all Services in which the Investment Advisor is engaged and shall provide all such information as SANDOWN CAPITAL shall reasonably request insofar as the same may be lawfully provided by the Investment Advisor."

"5. **Other appointments**

5.1 It is recorded that at the date of this Agreement that the Chief Executive (CEO) and Chief Financial Officer (CFO) of SANDOWN CAPITAL are employees and representatives of the Investment Advisor. Under the terms of this Agreement, the Investment Advisor will second suitably qualified employees of the Investment Advisor to act in the positions of CEO and CFO of SANDOWN CAPITAL, whose appointment as executive directors of SANDOWN CAPITAL will be subject to the written approval of the board of SANDOWN CAPITAL. The CEO and CFO shall remain employees of the Investment Advisor and their contract of employment with the Investment Advisor shall remain in full force and effect. The remuneration and benefits to be paid to the CEO and CFO for their services as directors of SANDOWN CAPITAL will be borne by the Investment Advisor and will form part of the fees payable by SANDOWN CAPITAL to the Investment Advisor for the Services provided.

5.2 It is recorded that that at the date of this Agreement the executive directors of SANDOWN CAPITAL seconded under clause 5.1 are Sean Melnick (CEO) and Sean Jelley (CFO) and that any change with respect to both or either of these appointments is subject to the prior written approval of the board of SANDOWN CAPITAL as contemplated in clause 5.1."

“8. **FEES**

8.1 Subject to any adjustment pursuant to clause 8.4, in consideration of Investment Advisory Services, the Investment Advisor shall be entitled to be paid by SANDOWN CAPITAL an annual fee (and any applicable VAT thereon) equal to the greater of:

8.1.1 R16 000 000 (sixteen million Rand) (“**the fixed annual fee**”), or

8.1.2 0.95 (zero point nine five) percent of the Annual Average Net Asset Value of SANDOWN CAPITAL.

For the purposes of this clause 8, the Annual Average Net Asset Value of SANDOWN CAPITAL shall be determined by adding the Net Asset Value of SANDOWN CAPITAL at the end of the financial year preceding the financial year for which the annual fee is payable to the Net Asset Value of SANDOWN CAPITAL at the end of the financial year for which the annual fee is payable and dividing the total by 2 (two).

8.2 The fees determined in terms of clause 8.1 above are payable in four quarterly instalments in advance, calculated either as to the fixed annual fee divided by 4 (four), or with each quarterly instalment equal to 0.2375 (zero point two three seven five) percent of the Net Asset Value of the company for the immediately preceding quarterly period, as the case may be. The fees for the period from the Commencement Date to the first Quarter Date thereafter shall be determined on a *pro rata* basis.

8.3 The fee is payable no later than 15 (fifteen) Business Days following each Quarter Date.

8.4 The fixed annual fee will be subject to an upwards only review, at the sole discretion of the board of SANDOWN CAPITAL, taking into account inflation and currency movements, which fee adjustment, if any, will be made at the commencement of every new financial year, with the first such review taking effect on 1 April 2018.

8.5 In the 30-day period after the sign-off of the annual financial statements of SANDOWN CAPITAL by its auditors for each financial year ending on 31 March, SANDOWN CAPITAL and the Investment Advisor shall co-operate to determine whether there has been an over-payment or under-payment of the annual fee by reference to the payments relating to the twelve month period ending on 31 March in the relevant year, and if there has been an over-payment the Investment Advisor shall either repay to SANDOWN CAPITAL such amount as soon as reasonably practicable or SANDOWN CAPITAL shall be entitled to set off such amount against the next fee payment, and if there has been an under-payment SANDOWN CAPITAL shall pay such amount to the Investment Advisor as soon as reasonably practicable.”

“9. **PERFORMANCE-RELATED INCENTIVE**

9.1 For the purposes of this Agreement, “Performance Period” shall mean:

9.1.1 For the first Performance Period, the period from the Commencement Date to 31 March 2019;

9.1.2 For all subsequent Performance Periods for so long as this Agreement endures, an annual period commencing immediately after the prior Performance Period and ending on the last day of the financial year-end for that year. For avoidance of doubt, it is recorded that the second Performance Period will commence on 1 April 2019 and end on 31 March 2020.

9.2 At the end of each Performance Period for the duration of this Agreement the compound annual growth rate in the Net Asset Value per share of SANDOWN CAPITAL (ie the Net Asset Value divided by the number of SANDOWN CAPITAL shares in issue other than treasury shares measured over the period from the commencement date to the end of that Performance Period will be determined (“**First Determination**”) and if equal to or greater than 15 (fifteen) percent (the “**Hurdle Rate**”), the Investment Advisor shall be entitled to a performance related incentive (“**Performance Award**”) calculated in accordance with clause 9.3 in respect of that Performance Period.

9.3 The Performance Award shall be an amount equal to 10 (ten) percent of the growth in Net Asset Value of SANDOWN CAPITAL calculated from the commencement date to the end of the Performance Period, less any Performance Awards previously paid or accrued to the Investment Advisor under this clause 9; provided that:

9.3.1 the Performance Award shall never be less than zero and shall never result in an amount being payable by the Investment Advisor to SANDOWN CAPITAL, and

9.3.2 in calculating the Net Asset Value of SANDOWN CAPITAL as aforesaid:

(a) any growth in the Net Asset Value of SANDOWN CAPITAL as a result of an issue of shares by it during the period over which the growth in Net Asset Value per share of SANDOWN CAPITAL is being measured, whether pursuant to a capital raising, a vendor placement, an acquisition issue or otherwise, shall be excluded; and

(b) any decrease in the Net Asset Value of SANDOWN CAPITAL during the period over which the growth in Net Asset Value per share of SANDOWN CAPITAL is being measured, whether pursuant to any dividend or other distribution of whatsoever nature made to the shareholders of SANDOWN CAPITAL, shall be excluded.

9.4 Any and all measurements, determinations and calculations to be made in accordance with the provisions of this clause 9 shall be made using the signed off audited financial statements of SANDOWN CAPITAL in respect of the period/s concerned. For the sake of clarity, it is recorded that any the determination to be made at the end of a Performance Period shall be made using the audited financial statements of SANDOWN CAPITAL as at 31 March of the year which coincides with the end of the Performance Period.

9.5 The Performance Award, if any, will be settled in cash within 30 (thirty) days of the sign-off of the relevant audited annual financial statements of SANDOWN CAPITAL. On settlement of a Performance Award, the Investment Advisor may, in its sole discretion, elect to apply the full amount of any Performance Award received to acquire ordinary shares in the capital of SANDOWN CAPITAL at a price per share equal to the audited published net asset value per share as determined at the end of the Performance Period to which the Performance Award relates. SANDOWN CAPITAL undertakes to procure that the required number of ordinary shares are available to the Investment Advisor in accordance with the provisions of this clause 9.5.

9.6 Any shares acquired by the Investment Advisor under this clause 9 are subject to a lock-up condition, such that the Investment Advisor undertakes that these shares will not be disposed of within 12 (twelve) months of the acquisition thereof by the Investment Advisor.

9.7 If the Parties fail to agree as to whether or not a Performance Award is payable and/or the quantum thereof within 30 (thirty) days of the sign-off of the audited financial statements of SANDOWN CAPITAL, any Party may require that the matter be determined by the auditors of SANDOWN CAPITAL (acting as experts and not as auditors and on the basis that their determination shall in the absence of manifest error be final and binding) based on such assumptions as they deem reasonable in the circumstances."

9.8 The acquisition of shares by the Investment Advisor in terms of clause 9.5 may take the form of (i) either an on-market acquisition of shares, for delivery to the investment manager, or (ii) a new issue of shares by SANDOWN CAPITAL (being a specific issue of shares for cash to a related party). No specific authority to issue shares for cash to the Investment Advisor was obtained from the shareholders of SANDOWN CAPITAL prior to its listing. Accordingly, to the extent that SANDOWN CAPITAL may wish to issue shares to the Investment Advisor in terms of a specific authority to issue shares for cash, SANDOWN CAPITAL will, in terms of the JSE Listings Requirements, be required to issue a circular to shareholders and obtain shareholder approval for such. To the extent that the issue of SANDOWN CAPITAL shares is at a discount to the 30-day VWAP per SANDOWN CAPITAL share immediately prior to date on which SANDOWN CAPITAL and the Investment Advisor agreed to the issue, a fairness opinion by an independent expert will be required. In addition, for as long as the investment manager is an associate of any of the directors of SANDOWN CAPITAL, any acquisition of SANDOWN CAPITAL shares by the Investment Advisor will be subject to the provisions of the JSE Listings Requirements relating to dealing in securities by directors and their associates."

"14. **TERM**

14.1 This agreement shall commence on the Commencement Date and shall, subject to the provisions of clause 15, continue until 31 March 2023."

“15. **TERMINATION**

15.1 **Events of Default**

An Event of Default shall have occurred in relation to a Party if that Party:

15.1.1 fails to comply with any provision of this Agreement and if such failure is not rectified within 10 (ten) Business Days after receipt of a written notice from any other Party, provided, however, with respect to any matter where rectifying such failure reasonably requires more than 10 (ten) Business Days, the time period for rectifying shall be extended for up to a total of 30 (thirty) Business Days provided that the Party who failed, promptly commences to rectify the failure after the effective date of the notice and thereafter pursues such rectification; or

15.1.2 the date on which that Party:

(a) makes an assignment for the benefit of creditors;

(b) applies to be wound-up;

(c) is adjudged to be insolvent, or has entered against it an order of relief in any insolvency proceedings;

(d) files an application or answer seeking for itself any judicial management, business rescue, insolvency, arrangement, liquidation, dissolution or similar relief under any statute, law or regulation;

(e) files an answer or other pleading admitting or failing to contest the material allegations of an application filed against it in any proceeding of the nature contemplated in this clause 15.1.2; or

(f) seeks, consents to or acquiesces in the appointment of a trustee, receiver, liquidator, judicial manager, business rescue practitioner or other similar person of all or any substantial part of its properties.

15.2 **Termination by SANDOWN CAPITAL**

15.2.1 SANDOWN CAPITAL shall be entitled, but not be obliged, to terminate this Agreement upon 60 (sixty) days’ written notice to the Investment Advisor:

(a) if an Event of Default has occurred and is continuing in relation to the Investment Advisor, provided that if the Event of Default complained of is the Event of Default contemplated in clause 15.1.1, SANDOWN CAPITAL shall only have the right to cancel if such Event of Default is material, goes to the root of this Agreement and cannot be remedied by the payment of monetary compensation; and/or

(b) in the event of proven fraud or proven wilful misconduct on the part of the Investment Advisor.

15.2.2 In addition to clause 15.2.1, in the event that the shareholders of SANDOWN CAPITAL in a general meeting pass an ordinary resolution in terms of which they cancel this Agreement (as they are entitled to do in terms of the JSE Listings Requirements), this Agreement shall terminate on the 60th (sixtieth) day from the date of the passing of such resolution, provided that if such termination does not arise as a consequence of an Event of Default by the Investment Advisor as contemplated in clause 15.2.1(a), or in the event of proven fraud or proven wilful misconduct on the part of the Investment Advisor as set out in clause 15.2.1(b), such cancellation shall be subject to the provisions of clause 15.4 below.

15.3 **Termination by the Investment Advisor**

The Investment Advisor shall be entitled, but not obliged, to terminate this Agreement upon 60 (sixty) days’ written notice to SANDOWN CAPITAL:

15.3.1 if an Event of Default has occurred and is continuing in relation to SANDOWN CAPITAL, provided that if the Event of Default complained of is the Event of Default contemplated in clause 15.1.1, the Investment Advisor shall only have the right to terminate if such Event of Default is material and goes to the root of this Agreement and cannot be remedied by the payment of monetary compensation; and/or

15.3.2 in the event of proven fraud or proven wilful misconduct on the part of SANDOWN CAPITAL.

15.4 **Consequences of termination by SANDOWN CAPITAL**

15.4.1 If SANDOWN CAPITAL terminates this Agreement in accordance with clause 15.2.2 (the "**Termination Event**"), SANDOWN CAPITAL shall pay to the Investment Advisor by way of compensation for the relinquishment of an income-generating asset, the sum of the amounts calculated in accordance with clauses 15.4.2 and 15.4.3 (the sum of such amounts hereinafter referred to as the "**Termination Amount**").

15.4.2 SANDOWN CAPITAL shall pay to the Investment Advisor an amount equal to 5 (five) times the investment advisory fees which accrued to the Investment Advisor in terms of clause 8 of this Agreement over the 6 (six) months immediately preceding the date of termination ("**Termination Date**") pursuant to the termination event, annualised.

15.4.3 In addition to the amount referred to in clause 15.4.2, SANDOWN CAPITAL shall, subject to the compound annual growth in the Net Asset Value per share of SANDOWN CAPITAL (determined mutatis mutandis in accordance with clause 9) measured over the period which begins on the commencement date and ends on (and including) the Termination Date being equal to or exceeding the Hurdle Rate, pay to the Investment Advisor a Termination Performance Award ("**TPA**") calculated as to 10 (ten) percent of the growth in the Net Asset Value of SANDOWN CAPITAL measured over the period which begins on the commencement date and ends on (and includes) the Termination Date, less any Performance Awards previously paid or accrued under clause 9, provided that the TPA shall never be less than zero and shall never result in an amount being payable by the Investment Advisor to SANDOWN CAPITAL.

15.4.4 The Termination Amount shall be paid by SANDOWN CAPITAL to the Investment Advisor within 15 (fifteen) Business Days after the effective date of the termination of this Agreement if the Parties have agreed the Termination Fee within that period. If the Parties fail to agree the Termination Fee within that period, the Termination Fee shall be determined by the auditors of SANDOWN CAPITAL (acting as experts and not as auditors and on the basis that their determination shall in the absence of manifest error be final and binding) based on such assumptions as they deem reasonable in the circumstances. The whole of the Termination Amount shall be paid in cash and the Investment Advisor shall have no right of election to apply all or any portion of the cash received in acquiring shares in SANDOWN CAPITAL as contemplated in clause 9.5 or otherwise.

"15.6 **Remedies and survival**

15.6.1 If a Party terminates this Agreement pursuant to an Event of Default, the party so terminating may exercise any and all remedies available at law or in terms of this Agreement for breach of contract, unless and to the extent limited herein.

15.6.2 Upon expiration or any termination:

(a) the parties shall remain liable for all obligations accrued and not fully performed under this Agreement during the term of this Agreement; and

(b) the Investment Advisor shall remain entitled to be remunerated until the actual date of expiration or termination."

SCHEDULE 1

INVESTMENT ADVISORY SERVICES

The Investment Advisor shall, subject to the terms of this Agreement, to the best of its abilities and in accordance with good industry practice and all Applicable Requirements, perform the following Investment Advisory Services.

1. **INVESTMENT STRATEGY**

1.1 To advise SANDOWN CAPITAL on the Investment Strategy and any proposed amendments thereto from time to time; and

1.2 To make recommendations to SANDOWN CAPITAL concerning any proposed changes to the Investment Strategy.

2. **ORIGINATION**

2.1 To investigate and identify Investments for acquisition or divestment which are consistent with the Investment Strategy.

2.2 To appraise the opportunity, prepare a report including a preliminary valuation of the potential Investment, and advise on the suitability of the opportunity in accordance with the Investment Strategy.

2.3 Once a deal proposal has been considered and approved by SANDOWN CAPITAL, to advise on and assist with the implementation of the transaction including completing all relevant due diligence, co-ordinating the financing, and negotiating and co-ordinating the execution of all relevant documentation.

2.4 To advise on and assist with negotiations regarding the terms of any forward sale and/or purchase, forward funding, joint venture agreement of any Investment.

3. **FINANCING, TAX AND ACCOUNTING**

3.1 To advise generally in relation to arranging any banking or other debt financing as may be required or necessary.

3.2 To monitor compliance with the terms of all third-party debt arrangements and facilities with the banks and advise as to any potential breaches promptly upon becoming aware of the same.

3.3 To assist in the opening of any requisite accounts for SANDOWN CAPITAL into which the proceeds of ownership and management of the Investments are made.

3.4 To assist in the prompt payment to such account or accounts notified by SANDOWN CAPITAL of all rents, rental surcharges, charges, security deposits, sale proceeds and other sums.

3.5 To assist with the preparation of and coordinating the preparation of any financial statements for SANDOWN CAPITAL.

3.6 To assist in the preparation of tax returns for SANDOWN CAPITAL.

3.7 To perform day to day cash management activities on behalf of SANDOWN CAPITAL.

3.8 To advise, or procure advice from other suitably qualified professionals, in relation to taxation matters affecting SANDOWN CAPITAL, including (without limitation) where appropriate (i) advising on VAT matters and ancillary to this doing such administrative matters as may be necessary from time to time in accordance with SANDOWN CAPITAL's instructions, including (without limitation) preparing or procuring the preparation of all necessary forms to register for VAT, dealing with correspondence, disputes or negotiations with South African Revenue Services or other taxing authorities in relation to VAT, preparing, or procuring the preparation of, and arranging for the submission of all necessary VAT returns to the relevant taxing authority.

MATERIAL CONTRACTS

Set out below are the salient terms of all material contracts concluded by the company or its subsidiaries, being:

- restrictive funding arrangements and/or contracts entered into otherwise than in the ordinary course of business carried on by the company or any of its subsidiaries, entered into at any time and containing any obligation or settlement that is material to the company or its subsidiaries as at the last practicable date; or
- contracts that are otherwise considered material by the company.

The company is a party to the following material contracts:

1. an asset-for-share exchange agreement as contemplated in section 42 of the Income Tax Act with Peregrine, in terms of which, *inter alia,* Peregrine disposed of its 900 shares held by it in, and the claims on loan account which it has against, SCIL in exchange for the allotment and issue by the company of 22 606 570 ordinary shares to Peregrine;
2. a disposal agreement with Peregrine SA Holdings Proprietary Limited ("**Peregrine SA**"), in terms of which, *inter alia*, Peregrine SA disposed of various hedge fund assets to the company for a disposal consideration equal to the net value of the hedge fund assets as at 29 September 2017, as reflected in and derived from statements provided by the various hedge fund managers, which disposal consideration is left owing by the company to Peregrine SA pursuant to two distinct and separate loans;
3. a subscription agreement with Peregrine in terms of which, *inter alia*, Peregrine subscribed for 42 274 285 shares in the company for a subscription consideration equal to the non-interest-bearing loan claim against the company which was distributed to Peregrine by its subsidiary, Peregrine SA, it being recorded that such loan account came into existence pursuant to Peregrine SA transferring certain hedge fund assets to the company on credit (see 2 above);
4. a subscription agreement dated 28 September 2017 with Nala Empowerment Investment Company Holdings Proprietary Limited ("**Nala Holdings**") and Nala Empowerment Investment Company Proprietary Limited ("**Nala**"), in terms of which, *inter alia*, Nala Holdings subscribed for 70 ordinary shares in the company for a subscription consideration of R70 and Nala subscribed for 30 ordinary shares in the company for a subscription consideration of R30;
5. a lock-up agreement dated 4 October 2017 with Peregrine in terms of which, *inter alia*, the group is precluded from any withdrawal, exit, disposal, alienation, redemption or realisation (collectively, "**exit**") of any interest or investment it may have in (i) the Electus Long/Short Equity Fund, and (ii) any hedge fund which is under the management of the Peregrine group (collectively, "**locked-up hedge funds**") during the period commencing on 4 October 2017 and ending on 31 March 2023. However, the aforegoing restriction on an exit from any investment or interest in any locked-up hedge funds is suspended until the investment management agreement is terminated or the investment manager receives a notice of termination thereunder. Pending such termination or notice of termination, the group is entitled to exit any interest or investment in any locked-up hedge funds.

Each of the agreements referred to above, unless otherwise stated were dated 2 October 2017 and were implemented on such date.

HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

Introduction

As detailed in the pre-listing statement, prior to the unbundling and listing of Sandown Capital, the company housed the non-financial services investments held by the Peregrine group, with the majority of the investments being hedge-fund investments.

Basis of preparation

The statements of comprehensive income, statements of cash flows and the statements of changes in equity for the year ended 31 March 2017, the statements of financial position as at 31 March 2017, accounting policies and the notes thereto ("**Historical Financial Information of Sandown Capital**") have been extracted, from the audited financial statements of Sandown Capital for the year ended 31 March 2017 ("**Audited Financial Statements**" or "**financial statements**"). The Historical Financial Information was prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements. Sandown Capital prepared separate financial statements for statutory purposes in accordance with the requirements of the Companies Act, 2008.

The Historical Financial Information of Sandown Capital is denominated in South African Rands which is the functional currency of Sandown Capital.

The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the listings requirements has been included in the Report of Historical Financial Information of Sandown Capital.

The Audited Financial Statements were audited by Deloitte & Touche for the year ended 31 March 2017. An unqualified audit opinion was issued in respect thereto. Deloitte & Touche is also the joint independent reporting accountant to Sandown Capital and has issued the reporting accountant's report on this Report of Historical Financial Information of Sandown Capital which is included as **Annexure 10** to this pre-listing statement.

The directors of Sandown Capital are responsible for the Report of Historical Financial Information of Sandown Capital.

Directors' commentary

Since the main business of the company is to operate as an investment holding company, macroeconomic factors are largely the main determinant of the performance of the business. In the review below, a summary of macroeconomic conditions and the resulting impact on the company's investments is given.

For the year ended 31 March 2017:

The financial year to 31 March 2017 was characterised by strong returns in both global developed and emerging markets, which did not translate into equivalently robust performance on the JSE. The S&P 500 finished the period up 14.7%, which was marginally ahead of the 14.5% return of the MSCI Emerging Market Index. Locally the South African JSE All Share Index delivered a negative return of 0.4% excluding dividends and a total return of just 2.5% for the year, as it struggled to overcome political uncertainty and a stronger Rand.

Resource price increases drove much of the growth in emerging markets as the Chinese economy performed better than many had feared and the JSE Resource Index finished the period almost 13% stronger than a year previously. This result was, however, unable to bolster the weak performance in financial and industrial shares with the financial index finishing 8.1% weaker, in a fiscal year which culminated with President Zuma replacing the finance and deputy finance ministers at the end of March 2017.

The Rand, which began the financial year at R14.69 to the US Dollar, strengthened throughout the 12 months and ended 8.7% stronger, with one US Dollar costing R13.41. In fact, the currency spent much of March 2017 almost 10% stronger than this level and only weakened due to the political volatility at the end of the month. The Rand finished the year 14.5% stronger against the Euro and 20.4% firmer than the British Pound, where Brexit-related events resulted in UK currency weakening considerably against all of its major counterparts. The Rand strength served as a hindrance to local currency earnings on the JSE and exacerbated the poor local market returns.

Politically, the 12 months under review heralded several important worldwide events, including the Brexit referendum and the ascendancy of Donald Trump as President of the United States, an acceleration of the international humanitarian refugee crisis spurred on by the Syrian conflict and a global increase in terrorist attacks.

The environment during the financial year was disadvantageous for the company's investments which performed well under the circumstances showing increased investment income off the prior year's lower base.

Subject to obtaining the necessary regulatory approvals, the Peregrine Holdings Limited board has resolved to restructure the Peregrine Group by transferring to Sandown Capital Proprietary Limited ("**Newco**"), a wholly owned subsidiary of the existing listed entity, Peregrine Holdings, all the surplus balance sheet investments within the Peregrine Group (ie excess cash, hedge fund and other proprietary investments).

The proposed restructure will result in:

- Newco which, based on the values of the balance sheet investments as at 31 March 2017, will have a net asset value in excess of R1 billion, being separately listed with the shares in Newco being unbundled to Peregrine Holdings shareholders;
- the remaining operating and related entities within the Peregrine Group (which generate predominantly diversified annuity earnings) being housed within Peregrine Holdings. The intention of the board then being, subject to working capital requirements, investments in new opportunities that meet the Peregrine Group's required return on equity parameters and cash required to retire debt within the operating entities, to declare and pay a dividend equivalent to a substantial portion of each year's normalised headline earnings.

The aim is to finalise and implement the restructure and unbundling by no later than the end of the current calendar year.

Statement of financial position
as at 31 March

	Notes	2017 R	2016 R
ASSETS			
Non-current assets		**2 345 726**	8 952 772
Financial investments	2	**2 345 726**	6 597 578
Investment in subsidiary company	3	**–**	–
Deferred taxation	8	**–**	2 355 194
Current assets		**176 445 706**	164 212 709
Financial investments	2	**169 048 238**	150 849 891
Loan to holding company	4	**–**	2 459 553
Loans to affiliated companies	5	**564 208**	5 049 895
Trade and other receivables	6	**218 390**	244 311
Taxation		**6 172 307**	1 316 097
Cash and cash equivalents		**442 563**	4 292 962
Total assets		**178 791 432**	173 165 481
EQUITY AND LIABILITIES			
Equity and reserves		**164 868 123**	158 069 804
Share capital	7	**127 373 577**	127 373 577
Accumulated profits		**37 494 546**	30 696 227
Non-current liabilities			
Deferred taxation	8	**1 386 460**	–
Current liabilities		**12 536 849**	15 095 677
Loan from affiliated company	9	**9 234 339**	3 116 354
Trade and other payables	10	**3 302 510**	11 979 323
Total equity and liabilities		**178 791 432**	173 165 481
Shares in issue		2 000	2 000
NAV per share (cents)		8 243 406	7 903 490
TNAV per share (cents)		8 243 406	7 903 490

Statement of comprehensive income
for the year ended 31 March

	Notes	**2017** **R**	2016 R
Investment income	11	**31 886 921**	12 001 143
Total revenue		**31 886 921**	12 001 143
Operating expenses	12	**(8 643 434)**	(20 076 688)
Profit/(loss) from operations		**23 243 478**	(8 075 545)
Net interest received	13	**296 486**	344 295
Profit/(loss) before taxation		**23 539 973**	(7 731 250)
Taxation	14	**(3 741 654)**	1 042 640
Profit/(loss) for the year		**19 798 319**	(6 688 610)
Shares in issue		**2 000**	2 000
Earnings/(loss) per share		**9 899.16**	(3 344.31)
Dividend per share (cents)		**650 000**	855 000

Statement of changes in equity
for the year ended 31 March

	Share capital R	Accumulated profits R	Total equity R
Balance at 31 March 2015	**127 373 577**	**54 484 837**	**181 858 414**
Total comprehensive loss for the year	–	(6 688 610)	(6 688 610)
Transaction with owners recorded directly in equity:			
Dividends paid	–	(17 100 000)	(17 100 000)
Balance at 31 March 2016	**127 373 577**	**30 696 227**	**158 069 804**
Total comprehensive income for the year	–	19 798 319	19 798 319
Transaction with owners recorded directly in equity:			
Dividends paid	–	(13 000 000)	(13 000 000)
Balance at 31 March 2017	**127 373 577**	**37 494 546**	**164 868 123**

Statement of cash flow
for the year ended 31 March

	Note	2017 R	2016 R
Cash flows from operating activities		**(35 089 635)**	(27 353 641)
Cash utilised by operations	15	**(17 794 325)**	(9 589 221)
Interest received		**296 486**	344 295
Dividend received from subsidiary		**–**	54 550
Dividends received from private equity investments		**264 414**	935 923
Dividends paid		**(13 000 000)**	(17 100 000)
Taxation paid	16	**(4 856 210)**	(1 999 188)
Cash flows from investing activities			
Proceeds from sale of financial investments		**17 676 011**	27 012 377
Cash flows from financing activities		**13 563 225**	3 757 755
Increase in loans to affiliated companies		**(164 313)**	(121 457)
Decrease in loan to holding company		**2 459 553**	2 654 488
Decrease in loan from subsidiary company		**–**	(4 763)
Proceeds from loans and receivables settled		**500 000**	1 100 000
Increase in loans from affiliated companies		**10 767 985**	129 487
Net (decrease)/increase in cash and cash equivalents		**(3 850 399)**	3 416 491
Cash and cash equivalents at beginning of year		**4 292 962**	876 471
Cash and cash equivalents at end of year		**442 563**	4 292 962

1. **PRINCIPAL ACCOUNTING POLICIES**

The financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year. All relevant International Financial Reporting Standards and interpretations effective 31 March 2017 have been applied in the preparation of these financial statements, except for those standards and amendments to standards, discussed below, that have been adopted for the first time in the 2017 financial year.

Basis of preparation

These financial statements are prepared in accordance with, and comply with International Financial Reporting Standards ("**IFRS**"), SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa. The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the listings requirements has been included in these financial statements. These financial statements are prepared in accordance with the going concern principle under the historical cost basis other than financial assets designated as at fair value through profit or loss, which are measured at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a high degree of judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 19.

The company has elected not to prepare consolidated financial statements in accordance with the exemption in IFRS 10: *Consolidated Financial Statements*. The financial statements are prepared in accordance with IFRS of the company's parent and are available from the company's registered office. Details of the subsidiaries are included in note 3 and a description of the method used to account for investments in subsidiaries is included in note 1.1.

1.1 **Investment in subsidiaries**

Subsidiaries are entities, including unincorporated entities controlled by the company. The company controls and entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are consolidated from the date on which the company acquires control up to the date that control ceases.

1.2 **Foreign currencies**

Functional and presentation currency

Items included in the financial statements of the company is measured using the currency of the primary economic environment in which the entity operates (functional currency). The financial statements are presented in South African Rand which is the company's functional currency and the company's presentation currency. All amounts are rounded off to the nearest Rand.

1.3 **Impairment of non-financial assets**

The carrying amount of the company's assets, other than deferred tax assets, are assessed at each financial year-end to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount and the impairment loss is recognised in profit or loss.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Goodwill is allocated to the cash-generating unit expected to benefit from the business combination from which it arose. Where a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to individual cash-generating units, or they are allocated to the smallest group of cash-generating units for which a reasonable and consistent basis of allocation can be identified. In most instances, a proportionate method of allocation is applied. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In respect of assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4 **Financial assets**

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification is dependent on the purpose for which the asset is acquired. Management determines the classification of its investments at the time of purchase.

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception. Included in these sub-categories are the company's investment into hedge funds and investments held as part of the company's investment banking activities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those which the company has classified upon initial recognition as at fair value through profit or loss. Included in this category are trade and other receivables, loans and receivables and cash and cash equivalents.

Measurement

Purchases and sales of "regular way" financial assets are recognised on the trade date, which is when the company commits to purchase or sell the assets. Other financial assets are recognised when the entity becomes a party to the contractual provisions of the agreement.

All financial assets are initially measured at fair value plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs incurred in the acquisition of financial assets measured at fair value through profit or loss are expensed in profit or loss.

After initial recognition, the company measures financial assets held-for-trading or designated at fair value through profit or loss, at fair value without any deduction for transaction costs it may incur on their disposal.

The fair value of quoted financial assets is their mid-price at the financial year-end. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is estimated using valuation techniques. These include the use of prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities and discounted cash flow analysis. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate at the financial year-end for a financial asset with similar terms and conditions. Where other pricing models are used, inputs are based on observable market indicators at the financial year-end. If the value of unlisted equity instruments cannot be reliably measured, which would be the case in very limited circumstances, they are measured at cost.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit and loss in the period in which they arise.

Loans and receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less impairment losses which are recognised in profit or loss. In the case of short-term and trade receivables, the impact of discounting is not material and cost approximates amortised cost.

Impairment

Financial assets, other than those held-for-trading and designated as at fair value through profit and loss are reviewed at each financial year-end to determine whether there is objective evidence of impairment. If any such indication exists, the recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount and the impairment loss is recognised in profit or loss.

Loans and receivables

Loans and receivables carried at amortised cost are impaired if there is objective evidence that the company will not receive cash flows according to the original contractual terms. Default or delinquency in payment and significant financial difficulties are considered indicators that the receivable is impaired. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. The resulting loss is accounted for as an impairment in profit and loss. With regard to trade and other receivables an allowance for impairment is established when there is objective evidence that the company will not be able to collect all amounts due accordingly to the terms of the receivables. The amount of the allowance is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in the profit or loss as bad debts recovered.

Derecognition

Financial assets are derecognised if the company's contractual rights to cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all of the risks and rewards of the asset or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the financial asset.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Transfers

The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

1.5 **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents. Cash and cash equivalents are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

1.6 **Financial liabilities**

All financial liabilities are initially recognised at fair value plus transaction costs incurred other than financial liabilities classified as at fair value through profit or loss at inception.

Classification and measurement

Financial liabilities at fair value through profit or loss

This category has two sub-categories: financial liabilities held-for-trading and those designated at fair value through profit or loss at inception:

Held-for-trading

These financial liabilities are subsequently measured at fair value with all fair value movements recognised in profit or loss.

Designated at inception

Financial liabilities measured at amortised cost

These comprise loans and payables and trade and other payables. These financial liabilities are initially recognised at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest method. In the case of short-term payables, the impact of discounting is not material and cost approximates amortised cost.

Derecognition

Financial liabilities are derecognised if the company's obligation specified in the contract expire or are discharged or cancelled.

1.7 Share capital

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax.

1.8 Employee benefits

Post-retirement benefits

The company operates a defined contribution plan based on a percentage of pensionable earnings funded by employees. Contributions to the plan are charged to profit or loss in the period in which they become payable. A defined contribution plan is a plan under which the company pays fixed contributions. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense as the related services is provided.

Short-term employee benefits

The company recognises a liability and an expense for all short-term bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and the obligation can be estimated reliably. These are recognised in the year in which they are declared (ie the year in which the service is rendered).

Long-term employee benefits

In the prior year, a Peregrine Holdings Limited ("**PHL**") long-term executive remuneration incentive scheme was implemented ("**PHL LTI plan**"). The benefit promised to the qualifying employees (PHL executive directors) is an agreed amount calculated in the year in which the profits are earned, based on the agreed formula ("**LTI award**"). 25% of the LTI award will vest at the end of years 2 and 3, with the remaining 50% portion at the end of year 4, with the single exception being applicable to the 2016 financial year, where 25% of the LTI vested as at the 31 March 2016 financial year-end and thereafter 25% each year at the end of the 2017, 2018 and 2019 financial years respectively (with payment to be made in June of such years). Should PHL director resign before the June vesting dates, they would not be entitled to receive any payment. The amount to be recognised as an expense and corresponding liability at the reporting date is determined on a straight-line basis over the vesting period.

1.9 Revenue

Revenue comprises the fair value of the consideration received or receivable as a result of services performed in the ordinary course of the company's activities.

Principal sources of revenue comprises:

- gain on sale of financial investments;
- changes in the fair value of assets classified as at fair value through profit or loss;
- interest earned on loans made as part of the company's investing activities;
- interest paid on hedge fund gearing, and
- dividend income.

Revenue from service-based activities is recognised either as the service is provided or on completion of the service depending on the nature of the service provided. Interest income is recognised on a basis that reflects the effective yield on the underlying instruments. Dividends are brought into account as at the last date of registration in respect of listed shares and when declared in respect of unlisted shares.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset, or when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimate the cash flows considering all contractual terms of the financial asset and does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. When it is not possible to estimate reliably the cash flows or the expected life of a financial asset, the company uses the contractual cash flows over the full contractual term of the financial asset.

1.10 Operating lease payments

Leases in terms of which the company does not assume substantially all of the benefits and risks of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.11 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or deductible. The company's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by financial year end.

Deferred taxation is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is not accounted for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Nor is deferred tax accounted for in respect of temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the financial year-end and expected to apply when the deferred tax asset is realised and deferred tax liability settled. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available in future years against which the tax asset can be recovered.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax asset and liabilities will be realised simultaneously.

1.12 Dividends

Dividends are recognised in equity when declared.

	2017 R	2016 R
2. FINANCIAL INVESTMENTS		
2.1 Non-current		
At fair value through profit & loss designated at inception		
Private equity investments: listed	**2 288 628**	6 466 789
Private equity investment: unlisted	**100**	100
Private equity fund	**56 998**	130 689
	2 345 726	6 597 578

The private equity fund investment represents an investment in Firefly Investments 61, a private equity fund that operates as an investment partnership. The fund only houses an unlisted equity instrument.

	2017 R	2016 R
2.2 Current		
At fair value through profit & loss designated at inception		
Private equity investments: Unlisted	**5 348 441**	–
Private equity: Convertible bond	**3 798 447**	6 000 000
Convertible bond impairment	**–**	(6 000 000)
Private equity: Convertible bond interest	**3 332 808**	3 332 808
Convertible bond interest impairment	**(1 782 814)**	(3 332 808)
Hedge funds	**163 699 797**	150 849 891
	169 048 238	150 849 891

Private equity investments: Unlisted

On 1 November 2011 the company issued a convertible bond that matured on 31 October 2014. The company had the option of converting the bond into 74 875 186 Elite Group Proprietary Limited shares on maturity date. The bond bore interest at three-month JIBAR plus 6% per annum compounded monthly and was payable quarterly in arrears up to and including the maturity date, subject to the conversion right.

In terms of a revised agreement, effective 1 October 2014, it was agreed that the balance outstanding on the capital amount of the bond (R10 million) would be repaid in instalments from 1 December 2014 with the final instalment by no later than 31 May 2016. As per an addendum to the revised agreement, effective 1 December 2015, it was agreed that the final instalment would be repaid by no later than 30 November 2016.

In terms of the proposed Peregrine Group restructure and unbundling referred to in the director's report on page ••, the bond has been ceded and assigned to Peregrine SA Holdings Proprietary Limited, an affiliated entity to the company.

The bond bears interest at the prevailing prime rate per annum compounded monthly and is repayable monthly in arrears.

The total amount including interest at year-end was R7 131 255 (2016: R9 332 808) of which the interest portion of R1 782 814 (2016: Capital portion R6 000 000, interest portion R3 332 808) has been impaired. R2 201 553 (2016: R3 400 000) of the capital impaired portion was received in the current year. R3 798 447 of the capital impaired portion and R1 549 994 of the interest impaired portion was reversed in the current year.

Hedge funds

As at 31 March 2017 Sandown Capital held two (2016: two) unlisted hedge fund investments:

- R123 672 952 (2016: R111 413 332) in the PNF Peregrine Fund en Commandite Partnership ("**PNF Peregrine Fund**") which is shown net of a loan amounting to R72 602 380 (2016: R57 198 956). This investment, made with Peregrine Capital Proprietary Limited ("**Peregrine Capital**"), is on a geared basis. The loan bears interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points. The loan is repayable within 10 days from disinvestment from the PNF Peregrine Fund.
- R112 629 225 (2016: R96 635 515) in the Peregrine Partners Fund en Commandite Partnership ("**Peregrine Partners Fund**").

A register of investments is available for inspection at the registered office of the company in terms of section 26 of the Companies Act.

		2017	2016
		R	R
3.	**INVESTMENT IN SUBSIDIARY COMPANY**		
	Shares at cost		
	TWF Investments Proprietary Limited – 70%*	**526 655**	526 655
	Impairment		
	TWF Investments Proprietary Limited	**(526 655)**	(526 655)
	Investment in subsidiary, net of impairment	**–**	–

**The abovementioned entity is incorporated in South Africa and is unlisted.*

The company reassessed the carrying value of its investments in subsidiary company at the end of each reporting period. As there were no material changes in the business activities of TWF Investment Proprietary Limited ("**TWF**") a reversal of the impairment was not required in the current reporting period. Subsequent to year-end, application has been made to deregister this subsidiary company.

4.	**LOAN TO HOLDING COMPANY**		
	Peregrine Holdings Limited	**–**	2 459 553

The loan to Peregrine Holdings Limited ("**PHL**") bore interest at the prevailing call rates, was unsecured and was settled during the course of the year.

	2017 R	2016 R
5. LOANS TO AFFILIATED COMPANIES		
Green Oak Capital Proprietary Limited	**–**	4 650 000
Firefly Investments 61 Partnership	**564 208**	399 895
	564 208	5 049 895

On 1 January 2012 Sandown Capital sold 60 000 000 Vunani Limited shares to Green Oak Capital Proprietary Limited ("**Green Oak**") on loan account. On 26 November 2012 an additional 1 000 000 Vunani Limited shares were sold to Green Oak on loan account. The loans were unsecured, interest-free and were ceded to Peregrine SA Holdings Proprietary Limited in the current financial year.

The loan to Firefly Investments 61 Partnership bears interest at the prevailing call rates, is unsecured and is repayable on demand or within a period not exceeding 30 years.

	2017 R	2016 R
6. TRADE AND OTHER RECEIVABLES		
Trade debtors	**218 239**	218 239
Balance due from broker	**151**	26 072
	218 390	244 311

Trade debtors are shown net of an impairment allowance of R14 118 926 (2016: R14 118 926). Balance due from broker represents amounts receivable for securities sold, but not yet settled, in accordance with trade date accounting for regular way sale transactions.

	2017 R	2016 R
7. SHARE CAPITAL		
Share capital	**127 373 577**	127 373 577

As at 31 March 2017 the authorised and issued share capital of the company is 2 000 ordinary shares of no par value (2016: 2 000 ordinary shares of no par value).

	2017 R	2016 R
8. DEFERRED TAXATION		
Deferred tax assets and (liabilities) are attributable to the following:		
Fair value adjustments – financial investments	**(3 482 678)**	(3 845 460)
Estimated tax losses	**311 739**	1 677 209
Accruals	**1 784 479**	4 523 445
	(1 386 460)	2 355 194
Reconciliation of movement in deferred tax balance:		
At beginning of the year	**2 355 194**	1 312 554
Movement through profit and loss	**(3 741 654)**	1 042 640
Fair value adjustments – financial investments	**362 782**	(547 798)
Tax loss utilised	**(1 365 470)**	–
Estimated assessable losses for set-off against future income	**–**	1 677 209
Accruals	**(2 738 966)**	(168 463)
Rate change – financial investments	**–**	81 692
	(1 386 460)	2 355 194

	2017 R	2016 R
9. LOAN FROM AFFILIATED COMPANY		
Peregrine SA Holdings Proprietary Limited	**9 234 339**	3 116 354

The loan from Peregrine SA Holdings Proprietary Limited is interest free, unsecured and has no fixed terms of repayment or within a period not exceeding 30 years.

	2017 R	2016 R
10. TRADE AND OTHER PAYABLES		
Trade and administrative	**424 392**	557 412
Employee costs	**2 878 118**	11 421 911
	3 302 510	11 979 323
11. INVESTMENT INCOME		
Dividend income – subsidiary company	**–**	54 550
Dividend income – listed private equity	**264 414**	935 923
Investment returns – hedge funds	**28 253 330**	14 425 349
Financial instruments at fair value through profit of loss – realised gains	**–**	613 203
Fair value adjustments – unlisted private equity	**2 127 863**	3 117 021
Fair value adjustments – listed private equity	**178 511**	(4 944 567)
Loss on disposal of financial investments	**(821 175)**	(13 875)
Interest received – private equity loans	**838 961**	871 252
Reversal of impairment allowance – unlisted private equity	**5 348 441**	–
Interest paid – hedge fund loans	**(4 303 424)**	(3 057 713)
	31 886 921	12 001 143
12. OPERATING EXPENSES		
Includes:		
Auditors' remuneration	**368 026**	339 388
Current year	**368 026**	333 460
Other	**–**	5 928
Directors' emoluments – for managerial services (note 12.1)	**9 206 855**	12 665 841
Salaries and contributions	**2 592 315**	2 414 558
Retirement benefit plans	**353 498**	325 733
Bonus	**6 261 042**	9 925 550
Bonus over provision	**(884 285)**	(3 850 550)
Salaries and related costs	**8 322 570**	8 815 291
Fees for services	**45 732**	40 838
Administration	**25 077**	24 558
Secretarial	**20 655**	16 280
Operating lease rentals	**149 688**	137 161
Premises	**145 778**	134 979
Office equipment	**3 910**	2 182
Reversal of impairment allowance – loans and receivables	**(500 000)**	(950 000)

12.1 **Directors' emoluments**

	Basic salary R'000	Pension fund benefits R'000	Performance bonus R'000	Emoluments for services R'000	Long-term incentive bonus[1] R'000	Total emoluments R'000
For the year ended 31 March 2017						
Paid to executive directors of the company – for managerial services						
M Yachad	1 858	253	3 342	**5 453**	938	**6 391**
Paid to executive directors of the holding company – for managerial services	**734**	**101**	**1 630**	**2 465**	**351**	**2 816**
J Hertz	251	34	687	**972**	117	**1 089**
RE Katz	483	67	943	**1 493**	234	**1 728**
	2 592	**354**	**4 972**	**7 918**	**1 289**	**9 207**
Paid to executive directors of the company by affiliated company – for managerial services						
M Yachad	**465**	**63**	**835**	**1 363**	**234**	**1 597**
For the year ended 31 March 2016						
Paid to executive directors of the company – for managerial services						
M Yachad	1 731	233	4 280	6 244	938	7 182
Paid to executive directors of the holding company – for managerial services	684	92	4 356	5 132	351	5 483
J Hertz	234	31	3 136	3 401	117	3 518
RE Katz	450	61	1 220	1 731	234	1 965
	2 415	325	8 636	11 376	1 289	12 665
Paid to executive directors of the company by affiliated company – for managerial services						
M Yachad	433	58	1 070	1 561	234	1 795

[1] *Peregrine Holdings Limited implemented a long-term remuneration incentive scheme ("***LTI plan***") in the 2016 financial year, which awards under the LTI plan to the executive directors of Peregrine Holdings are calculated based on Group and individual performance over the performance period. Performance period is measured with reference to the achievement of expressly identified performance metrics that include both financial and non-financial indicators. The awards take the form of cash payments. To retain the executives over the long-term, they are required to be in the employ of the group at each respective payment date (June of each year). The 2016 LTI award amounted to R14.1 million, of which R3.5 million has vested at the end of the 2016 and 2017 financial years respectively with the remaining balance of R7 million vesting in equal tranches in 2018 and 2019. The 2017 LTI award amounted to R10.1 million, of which R2.5 million will vest at the end of the 2018 and 2019 financial years respectively with the remaining balance of R5 million vesting at the end of the 2020 financial year.*

	2017 R	2016 R
13. NET INTEREST RECEIVED		
Interest received (note 13.1)	**296 486**	344 295
13.1 Interest received		
Bank balances	**125 259**	111 406
Loans – holding company	**53 875**	100 846
Loans – affiliated companies	**31 246**	20 661
Loans – external	**44 054**	111 382
Other	**42 052**	–
	296 486	344 295
Arising on:		
Loans and receivables at amortised cost	**254 434**	344 295
Non-financial instruments	**42 052**	–
	296 486	344 295
14. TAXATION		
Deferred tax		
Current year	**(3 623 683)**	960 948
Prior year under provision	**(117 971)**	–
Rate change [1]	–	81 692
	(3 741 654)	1 042 640
Tax rate reconciliation	**%**	%
Standard rate of taxation	**28.00**	28.00
Adjusted for:		
Disallowable expenditure	**2.00**	(47.66)
Capital profits and exempt income	**(15.58)**	32.14
Capital losses	**0.97**	(0.05)
Loss attributable to partners in private equity fund		
Prior year under provision	**0.50**	–
Rate change [1]	–	1.06
Effective rate of taxation	**15.89**	13.49

[1] *Capital gains tax changed from 18.6% to 22.4% with effect from 1 March 2016.*

	2017 R	2016 R
15. CASH UTILISED BY OPERATIONS		
Profit/(loss) before taxation	**23 539 973**	(7 731 250)
Adjusted for:	**(32 683 407)**	(1 250 374)
Impairment allowance – trade debtors	**–**	11 431 861
Reversal of impairment allowance – loans and receivables	**(500 000)**	(950 000)
Reversal of impairment allowance – unlisted private equity	**(5 348 441)**	–
Interest received	**(296 486)**	(344 295)
Investment returns attributable to hedge fund investments, net of interest paid on hedge fund loans	**(23 949 906)**	(11 367 636)
Fair value of private equity investments	**(2 306 374)**	1 827 546
Loss on disposal of listed private equity investments	**821 175**	13 875
Interest received on unlisted private equity investments	**(838 961)**	(871 252)
Dividends received from subsidiary	**–**	(54 550)
Dividends received from private equity investments	**(264 414)**	(935 923)
	(9 143 434)	(8 981 624)
Working capital changes	**(8 650 891)**	(607 597)
Decrease/(increase) in trade and other receivables	**25 922**	(24 346)
Decrease in trade and other payables	**(8 676 813)**	(583 251)
	(17 794 325)	(9 589 221)
16. TAXATION PAID		
Unpaid at beginning of the year	**(1 316 097)**	683 091
Current tax expense	**–**	–
Prepaid at end of the year	**6 172 307**	1 316 097
	4 856 210	1 999 188
17. HEADLINE EARNINGS		
Profit/(loss) for the year	**19 798 319**	(6 688 610)
Adjustments for headline earnings	**–**	–
Headline earnings/(loss) for the year	**19 798 319**	(6 688 610)
Shares in issue	**2 000**	2 000
Headline earnings/(loss) per share	**9 899.16**	(3 344.31)

There are no dilutive instruments in issue.

18. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

2017	Financial instruments at fair value through profit and loss: designated at inception R	Loans and receivables at amortised cost R	Financial liabilities at amortised cost R	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R	Total R	Fair value of financial instruments R
Non-current assets						
Financial investments	2 345 726	–	–	–	**2 345 726**	2 345 726
Current assets	**163 699 797**	**6 573 602**	**–**	**6 172 307**	**176 445 706**	
Financial investments	163 699 797	5 348 441	–	–	**169 048 238**	163 699 797
Loans to affiliated companies	–	564 208	–	–	**564 208**	
Trade and other receivables	–	218 390	–	–	**218 390**	
Taxation	–	–	–	6 172 307	**6 172 307**	
Cash and cash equivalents	–	442 563	–	–	**442 563**	
Total assets	**166 045 523**	**6 573 602**	**–**	**6 172 307**	**178 791 432**	
Non-current liabilities						
Deferred taxation	–	–	–	1 386 460	**1 386 460**	
Current liabilities	**–**	**–**	**9 658 731**	**2 878 118**	**12 536 849**	
Loan from affiliated company	–	–	9 234 339	–	**9 234 339**	
Trade and other payables	–	–	424 392	2 878 118	**3 302 510**	
Total liabilities	**–**	**–**	**9 658 731**	**4 264 578**	**13 923 309**	

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2016	Financial instruments at fair value through profit and loss: designated at inception R	Loans and receivables at amortised cost R	Financial liabilities at amortised cost R	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R	Total R	Fair value of financial instruments R
Non-current assets	**6 597 578**	**–**	**–**	**2 355 194**	**8 952 772**	
Financial investments	6 597 578	–	–	–	6 597 578	6 597 578
Deferred taxation	–	–	–	2 355 194	2 355 194	
Current assets	**150 849 891**	**12 046 721**	**–**	**1 316 097**	**164 212 709**	
Financial investments	150 849 891	–	–	–	150 849 891	150 849 891
Loan to holding company	–	2 459 553	–	–	2 459 553	
Loans to affiliated companies	–	5 049 895	–	–	5 049 895	
Trade and other receivables	–	244 311	–	–	244 311	
Taxation	–	–	–	1 316 097	1 316 097	
Cash and cash equivalents	–	4 292 962	–	–	4 292 962	
Total assets	**157 447 469**	**12 046 721**	**–**	**3 671 291**	**173 165 481**	
Current liabilities	**–**	**–**	**3 673 766**	**11 421 911**	**15 095 677**	
Loan from affiliated company	–	–	3 116 354	–	3 116 354	
Trade and other payables	–	–	557 412	11 421 911	11 979 323	
Total liabilities	**–**	**–**	**3 673 766**	**11 421 911**	**15 095 677**	

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

19. **RISK MANAGEMENT**

Having regard to the fact that managing risk is an inherent part of the company's activities, risk management and the ongoing improvement in corresponding control structures remain a key focus of management in building a successful and sustainable business. Within a complex financial services environment, the board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

Formalisation of a risk management framework for the company is the responsibility of the board of directors of Peregrine Holdings Limited ("Peregrine Holdings"). The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the group as a whole and within the constraints of the relevant business unit;
- efficient liquidity management and control of funding costs, and
- appropriate risk management and control.

Whilst the board is ultimately responsible for the management of risk, the board relies on management to operate within the control structures and frameworks established by the board and has delegated the responsibility for implementation of the risk framework to functions within the operating units. The structure of the group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability.

Senior management take an active role in the risk management process and are responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to the company. The board is kept abreast of developments through formalised reporting structures, ongoing communication with management, group risk and compliance committees, regular board meetings at an operating subsidiary level and through representation of executive members of the board on certain of the forums responsible for the management of risk at an operating subsidiary level. The group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

Risk management structure

The company's risk management framework is summarised below. Key responsibilities lie with the following management bodies and committees.

Peregrine Holdings board of directors: responsible to shareholders for the strategic direction, supervision and control of the group and for defining the group's overall tolerance for risk.

Board of directors of the company: responsible for the strategic direction, supervision and control of the respective entity and for defining the entity's tolerance for risk.

Risk and compliance committee: Responsible for assisting the board of directors of the group and subsidiary entities, in fulfilling their responsibilities by providing guidance regarding risk governance and the development of the group's risk profile, including regular review of major risk exposures and the management of risk limits. The chairman of the risk committee reports back to the board of directors of the group in this regard.

Audit committee: responsible for assisting the various boards in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance.

Internal audit function: Responsible for assisting the boards, audit committee and management in fulfilling their responsibilities by providing an objective and independent evaluation of the effectiveness of control, risk management and governance processes.

The nature and key risks to which the company is exposed are categorised as follows:

19.1 Market risk

Market risk is the potential change in the value of a financial instrument resulting from changes in market prices. The company's activities expose it primarily to the financial risks of changes in equity prices and interest rates.

19.1.1 *Equity pricing risk*

19.1.1.1 Key risk exposures

The company's investment activities include investments into hedge funds and investment banking opportunities. Investments are managed by a separate business unit, under mandate from the Peregrine Holdings board and subject to specific investment criteria.

The company's investment into hedge funds and investment banking opportunities exposes the company to market risk. The company is exposed to market risk associated with the underlying instruments held by hedge funds. The company also has exposure to equity price movements as a result of listed and unlisted investments held as part of its investment banking activities.

As at reporting date, company's capital was allocated per concentration of risk, which is by type of instrument:

	2017 **R**	2016 R
Hedge fund investments	**163 699 797**	150 849 891
Private equity investments: listed	**2 288 628**	6 466 789
Private equity investments: unlisted	**100**	100
Private equity fund	**56 998**	130 689
	166 045 523	157 447 469

19.1.1.2 Equity sensitivity analysis

Investment into hedge funds

To date, the company has successfully invested funds in the PNF Peregrine Fund En Commandite Partnership, managed by Peregrine Capital Proprietary Limited ("**Peregrine Capital**") and in the Peregrine Partners Fund managed by Peregrine Fund Platform Proprietary Limited ("**Fund Platform**").

Peregrine Capital manages a suite of hedge funds, which focus on South African listed equity counters. Stock selection is primarily bottom up, based on fundamental research employing disciplined and consistent research procedures. The funds aim to achieve positive returns regardless of the direction of the equity market.

The company expanded on the success achieved by Peregrine Capital by investing in the Peregrine Partners fund, housed within Fund Platform. The decision to invest and the quantum thereof forms part of the company's capital allocation decision implemented and managed by the Peregrine Holdings' executives. The decision to remain invested in the funds once they have achieved financial success forms part of the investment of company capital.

In all cases referred to above; fund managers are subject to appropriate due diligence and selected on the basis of the manager's track record and experience, their approach to investment and risk management, as well as their ability to demonstrate sound operational procedures and acceptable legal infrastructure. Investment into the funds is on an arm's length basis.

Operational controls surrounding the investment process include:

- management according to a fund mandate, which sets out investment parameters including target investments, maximum holdings and exposures, and various investment limits;
- investor review by way of daily access to portfolio information and regular reporting;
- monitoring of positions against mandate limits;
- utilisation of external administrators for the provision of independent accounting, administration and valuation services;

- utilisation of an appropriate prime-broker;
- internal audit of controls and procedures surrounding fund valuations, mandate monitoring and KYC compliance; and
- an annual audit of the funds by the company's external auditors.

Investments made by the company into the hedge funds are diversified through the utilisation of variety of trading systems employed by Peregrine Capital and Green Oak Capital. The selection of funds and managers is part of the ongoing and active management of the company's statement of financial position and fits in with the core focus of the company in the hedge fund industry.

The company measures the profit or loss of its proprietary investment portfolio monthly or more regularly if required and has the ability to exit investments on a monthly basis. As the funds in which the company has invested to date are managed in-house, the company has access to detailed portfolio composition, risk reports and the ability to review underlying investment decisions of the fund manager. The risk management process surrounding the funds is viewed as fundamental and primary to the long-term success of the funds.

The fair value of the company's investments into hedge funds is determined using the underlying market values of the investments held by each fund. As a result of the nature of the funds into which the company has invested, the investments are largely exposed to movements in the prices of equity instruments listed on the JSE.

The table overleaf depicts the sensitivity of the company's hedge fund investments to various market indices (variables) over a range of market movements (up or down). The measurement of the impact on profit and loss is based on a fund beta, determined for each fund and for each of the market variables selected. The fund beta measures the correlation of the fund to a change in the underlying variable. The beta is derived by regression analysis of the fund's historic monthly performance relative to the performance of the variable selected, from the date of inception of the fund. A portfolio beta for the portfolio of hedge fund investments has been determined from the betas of the individual funds, weighted for the percentage invested in each fund at the reporting date.

It is important to note that the results of the regression analysis may not be statistically significant due to the small number of observations for certain of the newer funds. Also, past performance is not necessarily an indicator of future events. Consequently, the impact on profit and loss as presented may not accurately reflect the future performance of the funds under the scenarios presented.

Based on the simple regression analysis performed a 10% appreciation in the respective betas would result in the following impact on profit or loss, on pre and post-tax basis, and equity:

	% change in variable	**% change in portfolio**		**Impact on pre-tax profit or loss**	**Impact on profit or loss post-tax***	**Impact on pre-tax profit or loss**	**Impact on profit or loss post-tax***
		2017	2016	**2017**	**2017**	2016	2016
						R	R
Market variable							
ALSI	10	**3.01**	2.83	**7 121 864**	**5 127 742**	5 882 053	4 235 078
Mid cap	10	**2.80**	3.36	**6 626 900**	**4 771 368**	6 995 111	5 036 480
Small cap	10	**3.11**	3.20	**7 360 413**	**5 299 497**	6 656 870	4 792 946
ALBI	10	**1.96**	2.37	**4 634 864**	**3 337 102**	4 923 959	3 545 250
FINDI	10	**0.61**	–	**1 438 530**	**1 035 742**	–	–

**The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

A 10% depreciation in the respective betas will result in an equal but opposite effect to the amounts shown above.

Investments held as part of the company's investment banking activities

The company holds listed and unlisted private equity investments. The company has approximately 1% (2016: 4%) of its proprietary capital invested in listed and unlisted equities as part of its investment banking activities. Investment decisions are structured within a fund mandate, approved by the Peregrine Holdings board and implemented and managed as part of the investment of company capital. The mandate prescribes overall private equity exposure as a proportion of the company's investable assets and limits exposure to individual investments and investment types.

A portion of the company's investment banking activities are conducted through an investment in Firefly Investments 61, a private equity fund that operates as an investment partnership. The sensitivity analysis is presented for the portfolio of investment banking assets held directly and on a see-through basis for the investments held through the private equity fund.

The table below depicts the sensitivity of the valuation of the company's listed and unlisted private equity investments to a 10% change in the significant variables.

	% change in variable	**Impact on pre-tax profit or loss 2017 R**	**Impact on profit or loss post-tax* 2017 R**	Impact on pre-tax profit or loss 2016 R	Impact on profit or loss post-tax* 2016 R
Private equity investments: – listed	10	**228 863**	**177 598**	646 679	501 823
Private equity investments: – unlisted	10	**5 710**	**4 431**	13 079	10 149
		234 573	**182 029**	659 758	511 972

**The impact on profit or loss post-tax are deemed to be the same as the impact on equity.*

A 10% depreciation in the respective variables will result in an equal but opposite effect to the amount shown above.

19.1.2 *Interest rate risk*

19.1.2.1 Key risk exposures

Interest rate risk refers to the impact on future cash flows and earnings of interest sensitive assets and liabilities as a result of interest rates repricing.

Financial assets and liabilities that are sensitive to interest rate risk comprise, those financial instruments carried at amortised cost. This includes cash balances, loans and receivables and loans and payables. Borrowings comprise of loans from affiliated companies and amounts borrowed against hedge fund investments. The decision to gear against certain of the hedge fund investments is to enhance investment returns rather than as a result of a funding decision. The rates paid on hedge fund gearing are thus managed as part of the overall return expectations of Peregrine Holdings group capital.

The company's manages interest rate exposure arising from other borrowings as part of the overall management of Peregrine Holdings group capital. The decision to borrow and the levels at which borrowings are maintained are evaluated on a regular basis. Considerations include historic and anticipated investment yields and the cost of borrowing, the company's liquidity requirements and the current state of credit markets. The efficient allocation of capital should enhance profitability over the longer term.

In respect of free cash flow, the company manages interest rate risk through a centralised treasury function. The treasury aims to protect and enhance net interest income, to ensure cost-effective sources of funding and to mitigate against residual undesirable interest rate risks. Cash requirements are monitored daily and cash is placed with high credit-rated financial institutions.

The repricing profile of financial assets and liabilities carried at amortised cost that are sensitive to interest rate fluctuations is presented in the table overleaf. Short-term financial assets and liabilities carried at amortised cost whereby the effects of discounting are considered to be immaterial are reflected as "non-rate" in the sensitivity analysis. Non-interest-bearing asset and liabilities carried at amortised cost are specifically classified as non-rate financial instruments.

A 2% increase or decrease in interest rates represents management's assessment of the reasonable possible change in interest rates. The table depicts the sensitivity of a 2% parallel shift in the applicable rates respectively.

19.1.2.2 Interest rate sensitivity analysis

2017	Carrying value of financial instrument at amortised cost R	Interest rate %	Current years' interest income/ expense* R	Reasonable change in rate 2% R	Impact on pre-tax profit or loss** R	Impact on post-tax profit or loss*** R
Interest sensitivity gap						
Interest-bearing financial assets						
Financial investments	5 348 441	10.50	838 961	668 555	(170 406)	(122 692)
Loans to affiliated companies	564 208	6.50	31 246	47 958	16 712	12 033
Trade and other receivables	151	6.89	28 274	13	(28 261)	(20 348)
Trade and other receivables: non-rate	218 239	Non-rate	–	–	–	–
Cash and cash equivalents	442 563	0.13	125 259	9 427	(115 832)	(83 399)
	6 573 602		**1 023 740**	**725 953**	**(297 787)**	**(214 406)**
Interest-bearing financial liabilities						
Loan from affiliated company	9 234 339	Non-rate	–	–	–	–
Trade and other payables	424 392	Non-rate	–	–	–	–
	9 658 731		**–**	**–**	**–**	**–**

** The current year's interest income/expense relates only to those most significant interest-bearing financial instruments.*

*** Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end (ie it is not a change of the current year's interest expense, rather it calculates the impact on the following year's net finance cost if rates fluctuated by 2%).*

**** The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

2016	Carrying value of financial instrument at amortised cost R	Interest rate %	Current years' interest income/ expense* R	Reasonable change in rate 2% R	Impact on pre-tax profit or loss** R	Impact on post-tax profit or loss*** R
Interest sensitivity gap						
Interest-bearing financial assets						
Loan to holding company	2 459 553	6.50	100 846	209 062	108 216	77 916
Loans to affiliated companies	399 895	6.50	20 661	33 991	13 330	9 598
Loans to affiliated companies: non-rate	4 650 000	Non-rate	–	–	–	–
Trade and other receivables	26 072	6.75	88 009	2 281	(85 728)	(61 724)
Trade and other receivables: non-rate	218 239	Non-rate	–	–	–	–
Cash and cash equivalents	4 292 962	5.32	111 406	314 245	202 839	146 044
	12 046 721		**320 922**	**559 579**	**238 657**	**171 834**
Interest-bearing financial liabilities						
Loan from affiliated company	3 116 354	Non-rate	–	–	–	–
Trade and other payables	557 412	Non-rate	–	–	–	–
	3 673 766		**–**	**–**	**–**	**–**

** The current year's interest income/expense relates only to those most significant interest-bearing financial instruments.*

*** Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end (ie it is not a change of the current year's interest expense, rather it calculates the impact on the following year's net finance cost if rates fluctuated by 2%).*

**** The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

19.2 **Credit risk**

19.2.1 ***Key risk exposures***

Credit risk is the risk of loss resulting from the default of a counterparty. Credit risk includes settlement risk.

There is no significant concentration of credit risk for the company.

Assets that expose the company to credit risk consist principally of cash deposits, trade and other receivables and loans and receivables. Cash is placed on deposit with high credit rated financial institutions. Credit risk is limited due to the high credit rating of counterparties. Other than for off-balance sheet exposures, the carrying value of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

19.2.2 ***Financial assets not impaired***

The ageing of financial assets past due and not impaired at the reporting date is set out below:

Financial instrument class

	Maximum exposure to credit risk R	Not past due R	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R	Carrying value R
2017				
Financial investments	**5 348 441**	**5 348 441**		**5 348 441**
Loans to affiliated companies	**564 208**	**564 208**	**–**	**564 208**
Trade and other receivables	**218 390**	**218 390**	**–**	**218 390**
Cash and cash equivalents	**442 563**	**442 563**	**–**	**442 563**
	6 573 602	**6 573 602**	**–**	**6 573 602**
2016				
Loan to holding company	2 459 553	2 459 553	–	2 459 553
Loans to affiliated companies	5 049 895	5 049 895	–	5 049 895
Trade and other receivables	244 311	244 311	–	244 311
Cash and cash equivalents	4 292 962	4 292 962	–	4 292 962
	12 046 721	12 046 721	–	12 046 721

The credit quality of financial assets neither past due nor impaired is as follows:

	Strong R	Satisfactory R	High Risk R	Total R
2017				
Financial investments	**5 348 441**	**–**	**–**	**5 348 441**
Loans to affiliated companies	**564 208**	**–**	**–**	**564 208**
Trade and other receivables	**151**	**–**	**218 239**	**218 390**
Cash and cash equivalents	**442 563**	**–**	**–**	**442 563**
	6 355 363	**–**	**218 239**	**6 573 602**
2016				
Loan to holding company	2 459 553	–	–	2 459 553
Loans to affiliated companies	5 049 895	–	–	5 049 895
Trade and other receivables	26 072	–	218 239	244 311
Cash and cash equivalents	4 292 962	–	–	4 292 962
	11 828 482	–	218 239	12 046 721

Financial statement descriptions can be summarised as follows:

Strong: there is a very high likelihood that the asset will be recovered in full.

Satisfactory: there is still a high likelihood that the asset will be recovered in full however the counterparty has indicated some evidence of deterioration and is being monitored more carefully.

High risk: there is concern over the counterparty's ability to make payments when due. These receivables have not yet been impaired, and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts.

19.2.3 ***Impairment***

Impairment losses are accounted for in terms of accounting policy note 1.3. Default, delinquency in payment and significant financial difficulties are considered indicators that a receivable is impaired. At year-end management has assessed its financial assets and determined, based on historic default rates and the credit quality of clients, and concluded that specific impairments are not required in respect of these financial assets. Based on historic default rate, the company believes that impairment allowance is necessary in respect of trade receivables. The impairment allowance account is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The movement in the allowance for impairment in respect of loans and trade receivables is as follows:

	2017 R	2016 R
At beginning of the year	**17 951 734**	7 469 873
Increase in allowance raised	–	11 431 861
Reversal of allowance raised	**(2 049 994)**	(950 000)
	15 901 740	17 951 734

19.3 Liquidity risk

19.3.1 ***Key risk exposures***

Liquidity risk refers to the ability to meet funding obligations as they fall due. The Peregrine groups' treasury function is centralised, thus ensuring that capital is appropriately allocated across the group and that funding and commitments are met timeously.

The company is currently funded by way of a rand loan from a fellow subsidiary company. The company has the ability to borrow from its parent company and has the ability to draw down on hedge fund investments on a monthly basis should a liquidity shortfall arise.

There were no breaches or defaults on any loan obligations during the current year.

19.3.2 ***Liquidity mismatch table***

A summary of the company's undiscounted liquidity profile is reflected in the table overleaf. Assets and liabilities are allocated according to their contractual maturity dates. The company has the ability to disinvest from the hedge funds on a monthly basis. Other investment banking assets (including listed equities) are shown as realisable in greater than a year.

Liquidity mismatch table 2017	**Demand R**	**1 – 6 months R**	**6 months – 1 year R**	**1 – 5 years R**	**>5 years R**	**Non-financial instruments R**	**Total R**
Assets							
Non-financial assets and financial assets beyond the scope of IFRS 7:							
Taxation	–	–	–	–	–	6 172 307	**6 172 307**
Non-derivative financial assets used to manage liquidity risk:	**442 563**	**164 264 156**	**6 161 683**	**1 750 723**	**–**	**–**	**172 619 125**
Financial investments	–	163 699 797	5 943 444	1 750 723	–	–	**171 393 964**
Loans to affiliated companies	–	564 208	–	–	–	–	**564 208**
Trade and other receivables	–	151	218 239	–	–	–	**218 390**
Cash and cash equivalents	442 563	–	–	–	–	–	**442 563**
	442 563	**164 264 156**	**6 161 683**	**1 750 723**	**–**	**6 172 307**	**178 791 432**
Liabilities							
Non-financial assets and financial assets beyond the scope of IFRS 7:							
Deferred taxation	–	–	–	–	–	1 386 460	**1 386 460**
Non-derivative financial liabilities:	**–**	**9 658 731**	**–**	**–**	**–**	**2 878 118**	**12 536 849**
Loans from affiliated company	–	9 234 339	–	–	–	–	**9 234 339**
Trade and other payables	–	424 392	–	–	–	2 878 118	**3 302 510**
	–	**9 658 731**	**–**	**–**	**–**	**4 264 578**	**13 923 309**
Equity	–	–	–	–	–	164 868 123	**164 868 123**
Liquidity gap	442 563	154 605 425	6 161 683	1 750 723	–	(162 960 394)	**–**
Cumulative liquidity gap	442 563	155 047 988	161 209 671	162 960 394	162 960 394	–	**–**

Liquidity mismatch table 2016	Demand R	1 – 6 months R	6 months – 1 year R	1 – 5 years R	>5 years R	Non-financial instruments R	Total R
Assets							
Non-financial assets and financial assets beyond the scope of IFRS 7:	–	–	–	–	–	3 671 291	3 671 291
Deferred taxation	–	–	–	–	–	2 355 194	2 355 194
Taxation	–	–	–	–	–	1 316 097	1 316 097
Non-derivative financial assets used to manage liquidity risk:	**4 292 962**	**153 735 411**	**4 868 239**	**6 007 125**	**590 453**	**–**	**169 494 190**
Financial investments	–	150 849 891	–	6 007 125	590 453	–	157 447 469
Loans to affiliated companies	–	2 859 448	4 650 000	–	–	–	7 509 448
Trade and other receivables	–	26 072	218 239	–	–	–	244 311
Cash and cash equivalents	4 292 962	–	–	–	–	–	4 292 962
	4 292 962	**153 735 411**	**4 868 239**	**6 007 125**	**590 453**	**3 671 291**	**173 165 481**
Liabilities							
Non-derivative financial liabilities:	**–**	**3 673 766**	**–**	**–**	**–**	**11 421 911**	**15 095 677**
Loans from affiliated company	–	3 116 354	–	–	–	–	3 116 354
Trade and other payables	–	557 412	–	–	–	11 421 911	11 979 323
	–	**3 673 766**	**–**	**–**	**–**	**11 421 911**	**15 095 677**
Equity	–	–	–	–	–	158 069 804	158 069 804
Liquidity gap	4 292 962	150 061 645	4 868 239	6 007 125	590 453	(165 820 424)	–
Cumulative liquidity gap	4 292 962	154 354 607	159 222 846	165 229 971	165 820 424	–	–

19.4 **Fair value hierarchy**

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at reporting date. A market is regarded as active if quoted prices for identical assets or liabilities are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the mid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instruments are included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

The following table presents the company's assets that are measured at fair value as at 31 March:

	Level 1 R	Level 2 R	2017 Total R
Financial assets at fair value though profit or loss			
Designated at inception:			
Private equity investments – listed	2 288 628	–	**2 288 628**
Private equity investments – unlisted	–	100	**100**
Private equity fund	–	56 998	**56 998**
Hedge fund investments – unlisted	–	163 699 797	**163 699 797**
Total financial assets carried at fair value	**2 288 628**	**163 756 895**	**166 045 523**

	Level 1 R	Level 2 R	2016 Total R
Financial assets at fair value though profit or loss			
Designated at inception:			
Private equity investments – listed	6 466 789	–	6 466 789
Private equity investments – unlisted	–	100	100
Private equity fund	–	130 689	130 689
Hedge fund investments – unlisted	–	150 849 891	150 849 891
Total financial assets carried at fair value	**6 466 789**	**150 980 680**	**157 447 469**

The fair value, if disclosed, of financial assets classified as loans and receivables at amortised cost and financial liabilities classified as financial liabilities at amortised cost are classified as level 2 in terms of the fair value hierarchy.

19.4.1 *Valuation techniques applied and inputs to valuation techniques*

Financial assets at fair value though profit or loss	Valuation technique used to determine fair value	Description of significant observable inputs used in valuation technique	Description of significant unobservable inputs used in valuation technique (not applicable for level 1)	Value of significant unobservable inputs used in valuation technique (not applicable for level 1)	Recurring or non-recurring fair value measurement
Private equity investments – listed	Quoted market prices	Unadjusted quoted prices in an active market of underlying investments	N/A	N/A	Recurring
Private equity investments – unlisted	Technique used includes amortised cost of loans receivable and independent valuations and cost	Market-related interest rate	N/A	N/A	Recurring
Hedge fund investments – unlisted	Quoted market prices	The fair value is determined by an independent administrator, based on the quoted market prices of the underlying investments held by the hedge funds	Unobservable inputs are mostly expense accruals of the hedge fund entities that are deducted from the sum of the fair values of net investments held by the hedge funds	N/A	Recurring

19.5 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The unlisted hedge fund investments were presented net of loans. The investments made are on a geared basis with permissible loan ratios of up to 100%. The loan agreement against investment in PNF Peregrine Fund states that loan will be settled at the same time as a redemption out of the fund. The hedge fund investments are measured at fair value and the loans are measured at amortised cost.

19.5.1 ***Financial assets subject to offsetting***

R'000	Gross amounts of recognised financial assets	Measurement basis	Gross amounts of recognised financial liabilities offset in the statement of financial position R'000	Net amounts of financial assets presented in the statement of financial position R'000
2017				
Current financial investments	**236 302**	**At fair value**	**(72 602)**	**163 700**
2016				
Current financial investments	208 049	At fair value	(57 199)	150 850

20. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The results of estimates and assumptions form the basis of making judgements about the carrying value of assets and liabilities. Actual results may differ from the estimates made.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement and valuation processes

Some of the company's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the company uses market-observable data to the extent it is available. The determination of fair value requires estimates and judgements particularly where the inputs to valuations are not market observable, as is the case for many of the company's fair valued assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in note 18.5.

Deferred taxation

A deferred tax asset is recognised on temporary differences and estimated assessable tax losses as it is the view of the directors that these will be recovered in future years.

21. RELATED PARTY INFORMATION

21.1 Transactions with an affiliated company

During the course of the year the company, in the ordinary course of business, entered into various transactions with a fellow subsidiary company, Peregrine SA Holdings Proprietary Limited. The total of these transactions charged for the financial year was R414 804 (2016: R376 064).

	2017 **R**	2016 R
Administration fees	**25 077**	24 558
Computer expenses	**199 994**	177 857
Consumables	**4 379**	3 612
Motor vehicle expenses	**7 966**	7 759
Operating costs	**12 282**	10 079
Parking	**14 606**	13 932
Rent – office	**145 778**	134 979
Rent – photocopier/fax machines	**3 910**	2 182
Telephone – PABX rental	**812**	1 106
	414 804	376 064

21.2 **Transactions with subsidiary companies**

	2017 **R**	2016 R
Dividends received – TWF Investments Proprietary Limited	–	54 550

21.3 **Private equity fund**

The company has a 50% interest in a partnership, Firefly Investments 61, which manages a fund that invests in private equity opportunities.

The investment decisions of the fund are controlled by the directors of the company. The Stellenberg Trust, an entity in which a non-executive director, Mr SA Melnick (non-executive director of the holding company) has an indirect beneficial interest, has co-invested with the company into the fund. The Yachad Family Trust, an entity in which Mr M Yachad (director of the company and of other group companies) has an indirect beneficial interest, has co-invested with the company into the fund. The value of the loan receivable from Firefly Investments 61 as at 31 March 2017 was R564 208 (2016: R399 895).

21.4 **Hedge fund investments**

The company has invested in hedge funds managed by Peregrine Capital and Peregrine Fund Platform, which are fellow subsidiaries of Sandown Capital.

The unlisted hedge fund investments in Peregrine Capital and Peregrine Fund Platform funds are presented net of loans. The value of the net investment in the funds managed by Peregrine Capital at balance sheet date is R123.7 million (2016: R54.2 million) and Peregrine Fund Platform funds is R112.6 million (2016: R96.6 million). There are loans outstanding against the fund managed by Peregrine Capital at year-end amounting to R72.6 million (2016: R57.2 million). The loan bears interest at the JSE Trustee rate as published monthly by JSE Trutees Proprietary Limited, less 57 basis points. The interest paid for the year on outstanding loans was R4.3 million (2016: R3.1 million). Returns on the investments were R28.3 million for the year (2016: R14.4 million).

21.5 **Executive directors**

Directors' emoluments and fees are detailed in note 12.

21.6 **Loans to/from holding company and affiliated companies**

All related party transactions have been concluded on an arm's length basis. For detail on loans to/from the holding company and affiliated companies, refer to notes 4, 5 and 9.

22. CAPITAL RISK MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the company's capital structure. In order to achieve a distinct and clearly defined focus on business opportunities and on investment activities the responsibilities and resources for the management of the company's capital are split. Capital allocation decisions take account of the company's solvency and liquidity requirements and its growth and return objectives.

The CEO and executives of Peregrine Holdings are responsible for the management of and allocation of capital to:

- business opportunities with a focus of growing the company through new opportunities and through the expansion of existing businesses, and
- investment activities, primarily investment into hedge funds and on a smaller scale in private equity opportunities.

The Peregrine Holdings board reviews the capital structure on an on-going basis as required. Decisions to alter the capital structure give consideration to the cost of capital and the risks associated with each class of capital.

23. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the proposed Peregrine Group restructure and unbundling referred to in the Peregrine Holdings Annual Report and this pre-listing statement, there were no significant events subsequent to year-end that would require adjustment to the financial results as currently reported.

24. GOING CONCERN

These financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Annexure A – Standards and Interpretations

1. **NEW AND REVISED STANDARDS AND INTERPRETATIONS ADOPTED**

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported or disclosed in these financial statements.

Standard	Annual periods beginning on or after
IAS 17 – *Leases*	1 January 2016
IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
IFRS 7 – *Financial Instruments: Disclosures*	1 January 2016
IFRS 10 – *Consolidated Financial Statements*	1 January 2016
IFRS 11 – *Joint Arrangements*	1 January 2016
IFRS 12 – *Disclosure of Interests in Other Entities*	1 January 2016
IFRS 14 – *Regulatory Deferral Accounts*	1 January 2016
IAS 1 – *Presentation of Financial Statements*	1 January 2016
IAS 7 – *Statement of Cash Flows*	1 January 2017
IAS 12 – *Income Taxes*	1 January 2017
IAS 16 – *Property, Plant and Equipment*	1 January 2016
IAS 19 – *Employee Benefits*	1 January 2016
IAS 27 – *Separate Financial Statements*	1 January 2016
IAS 28 – *Investments in Associates and Joint Ventures*	1 January 2016
IAS 34 – *Interim Financial Reporting*	1 January 2016
IAS 38 – *Intangible Assets*	01-Jul-16

2. **STANDARDS AND INTERPRETATIONS IN ISSUE NOT YET ADOPTED**

The company has not applied the following new and revised IFRSs that have been issued but are not yet effective.

Standard	Annual periods beginning on or after
IFRS 2 – *Shared-Based Payments (Revised)*	31 Decmeber 2017
IFRS 4 – *Insurance Contracts*	31 December 2017
IFRS 9 – *Financial Instruments*	01 January 2018
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2018
IFRS 15 – *Revenue from Contracts with Customers*	01 January 2018
IFRS 16 – *Leases*	01 January 2019
IFRS 17 – Insurance	01 January 2021
IAS 7 – *Statement of Cash Flows*	01 January 2018
IAS 12 – *Income Taxes*	01 January 2018
IAS 28 – *Investments in Associates & Joint Ventures (Revised)*	01 January 2018
IAS 40 – *Investment Property (Revised)*	31 December 2017
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	01 January 2018

With regards to IFRS 16 – *Leases* it is noted that the requirements of this standard is not yet applicable to the 2017 financial statements. It is anticipated that there will be no significant impact on the company.

With regards to IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers*, the company has performed an assessment of the impact of these new standards on the amounts reported in these financial statements, the outcome of which indicated that there would not be a significant impact on the amounts recognised.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2017

The Directors
Sandown Capital Limited
6A Sandown Valley Crescent
Sandown
Sandton
2196

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PRE-LISTING STATEMENT

Introduction

We have audited the Historical Financial Information of Sandown Capital Proprietary Limited (the company) in respect of the year ended 31 March 2017 set out in **Annexure 9**.

Opinion on the Historical Financial Information for the year ended 31 March 2017

The Historical Financial Information in respect of the year ended 31 March 2017 comprises the statement of financial position as at the year-end date, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

The Historical Financial Information was prepared in accordance with the requirements of the JSE Listings Requirements. The JSE Listings Requirements require the Historical Financial Information to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In our opinion, the historical financial information in respect of the year ended 31 March 2017 fairly presents, in all material respects, the financial position at 31 March 2017, and the financial performance and cash flows for the year then ended, in accordance with IFRS and the requirements of the JSE Listings Requirements, as set out in note 1 to the Historical Financial Information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Historical Financial Information section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Historical Financial Information for the year ended 31 March 2017. This matter was addressed in the context of our audit of the Historical Financial Information for the year ended 31 March 2017 as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the matter was addressed in the audit
The company has invested in two unlisted hedge fund investments. These hedge funds have in-turn, invested in listed debt and equity instruments. These investments derive income for the company in the form of interest, dividends and fair value adjustments. The contractual terms and accounting treatment of the hedge fund investments are disclosed in notes 1.4 and 2.2. The material nature of the hedge funds and their pervasive impact on the Historical Financial Information results this area being a key audit matter.	We have performed the following procedures: • Obtained a breakdown of the various funds valuations making up the total amount of hedge fund investments and related returns; • Obtained third-party statements for each fund investment; • Investigated differences between the amount reflected in the ledger and the amount per the statement; and • Evaluated the accuracy and completeness of disclosures required by IFRS 7: Financial Instruments: Disclosures and IFRS 13: Fair value Measurement. We are satisfied that the recognition, measurement and disclosure of hedge fund investments and related returns is appropriate.

Other matter

The Historical Financial Information of the company for the years ended 31 March 2015 and 31 March 2016 were audited by another auditor whose unmodified opinion is set out in **Annexure 12**.

Purpose of report

The purpose of our report is to meet the information needs of the company and the JSE Limited and is not to be used for any other purpose. Our opinion is not modified in respect of this matter.

Directors' responsibility for the Historical Financial Information for the year ended 31 March 2017

The company's directors are responsible for the preparation of the Historical Financial Information, for the year ended 31 March 2017*,* in accordance with the requirements of the JSE Listings Requirements, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The JSE Listings Requirements require the Historical Financial Information in respect of each annual period to be prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by Financial Reporting Standards Council and also, as a minimum, to be presented and contain the disclosures required by the JSE Listings Requirements.

In preparing the Historical Financial Information, the directors are responsible for assessing the *c*ompany's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless directors either intend to liquidate the *c*ompany or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility for the audit of the Historical Financial Information for the year ended 31 March 2017

Our objectives are to obtain reasonable assurance that the Historical Financial Information for the year ended 31 March 2017 fairly presents, in all material respects, the financial position at 31 March 2017, and the financial performance and cash flows for the year then ended, in accordance with IFRS and the requirements of the JSE Listings Requirements. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Historical Financial Information.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Consent

We consent to the inclusion of this report, which will form part of the pre-listing statement to the shareholders of the company, to be issued on or about 14 November 2017, in the form and context in which it appears.

Deloitte & Touche
Registered Auditor

Per: **Lito Nunes**
Partner

8 November 2017

Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2015 AND 31 MARCH 2016

Introduction

As detailed in the pre-listing statement, prior to the unbundling and listing of Sandown Capital, the company housed the non-financial services investments held by the Peregrine group with the majority of the investments being hedge-fund investments.

Basis of preparation

The statements of comprehensive income, statements of cash flows and the statements of changes in equity for the two years ended 31 March 2016, the statements of financial position as at 31 March 2016 and 31 March 2015, accounting policies and the notes thereto ("**Historical Financial Information of Sandown Capital")** have been extracted, from the audited financial statements of the group for the year ended 31 March 2016 ("**Audited Financial Statements**"). The Historical Financial Information was prepared in accordance with IFRS and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by Financial Reporting Standards Council for the purposes of providing financial information to satisfy the requirements of section 8 of the JSE Listings Requirements. Sandown Capital prepared separate financial statements for statutory purposes in accordance with the requirements of the Companies Act, 2008.

The Historical Financial Information of Sandown Capital is denominated in South African Rands which is the functional currency of Sandown Capital.

The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the listings requirements has been included in the Report of Historical Financial Information of Sandown Capital.

The Audited Financial Statements were audited KPMG Inc. for the year ending 31 March 2016 and 31 March 2015. An unqualified audit opinion was issued in respect thereto.

The directors of Sandown Capital are responsible for the Report of Historical Financial Information of Sandown Capital.

Directors' commentary

Since the main business of the company is to operate as an investment holding company, macroeconomic factors are largely the main determinant of the performance of the business. In the review below, a summary of macroeconomic conditions and the resulting impact on the company's investments is given.

For the year ended 31 March 2016

The financial year to 31 March 2016 was characterised by weakness in global markets and continued relative underperformance in emerging market equities and currencies. The MSCI World Index, which tracks the equity markets of developed nations, was 5.3% lower for the period as compared with the 14.1% decline in the MSCI Emerging Market Index. Locally, the JSE All Share Index, excluding dividends, ended the period up 0.1%. Some of the growth came from the Rand hedge stocks, which benefited from the significant 21% weakening of the local currency against the US Dollar over the period.

Notwithstanding a rally in the price of resources in the last weeks of the fiscal year, resource stocks were lower by 30% over the year and financial counters, which had been the mainstay of the local market for several years, disappointed with a negative return of 7.7%. Politically, many commentators described the year as the most challenging one faced by South Africans since the rebirth of the rainbow nation more than 20 years ago. The Nenegate incident in December 2015, together with the Gupta saga and Nkandla court ruling all contributed to exceptionally volatile conditions in the local equity and currency markets.

These difficult conditions impacted on the earnings of the company negatively as investment income showed a marked decline from the prior year and investments had to be written down as valuations came under pressure. The hedge funds which comprise the majority of Sandown Capital's investments delivered muted returns albeit managing to outperform the JSE All Share Index.

For the year ended 31 March 2015

The financial year to 31 March 2015 was characterised by relative weakness in global emerging markets and most notably by US Dollar strength against a basket of emerging and developed world currencies. US stock markets also outperformed during the fiscal year with the S&P 500 finishing the period up 10.44%, while the MSCI Emerging Market Index was down by 2.02%.

Locally the South African market continued the strong returns of the previous five years, with the JSE All Share Total Return Index up 12.53% for the period in Rand terms, although much of the growth came from the Rand hedge stocks, which benefited from the significant 15.4% weakening of the local currency against the US Dollar from 10.52 in early April to 12.14 at the end of the financial year.

Significantly, the weakest currency over the period was certainly not the Rand. The Euro slipped 28.4% against the greenback during the year and the Rand appreciated by 10% against the European currency. US Dollar strength and further concerns regarding China led to the weakest performance for commodities in more than 10 years, with the local RESI20 Index down more than 25% over the 12-month period.

The environment was beneficial for the company's investments which performed well with the hedge fund investments generating particularly excellent returns.

Statement of financial position
as at 31 March

	Note	2016 R	2015 R
ASSETS			
Non-current assets		**8 952 772**	13 122 678
Financial investments	2	**6 597 578**	11 810 124
Investment in subsidiary company	3	–	–
Deferred taxation	9	**2 355 194**	1 312 554
Current assets		**164 212 709**	184 973 031
Financial investments	2	**150 849 891**	162 252 255
Loan to holding company	4	**2 459 553**	5 114 041
Loans to affiliated companies	5	**5 049 895**	4 928 438
Loans and receivables	6	–	150 000
Trade and other receivables	7	**244 311**	11 651 826
Taxation		**1 316 097**	–
Cash and cash equivalents		**4 292 962**	876 471
Total assets		**173 165 481**	198 095 709
EQUITY AND LIABILITIES			
Equity and reserves		**158 069 804**	181 858 414
Share capital	8	**127 373 577**	127 373 577
Accumulated profit		**30 696 227**	54 484 837
Current liabilities		**15 095 677**	16 237 295
Loan from subsidiary company	3	–	4 763
Loan from affiliated company	10	**3 116 354**	2 986 867
Trade and other payables	11	**11 979 323**	12 562 574
Taxation		–	683 091
Total equity and liabilities		**173 165 481**	198 095 709
Shares in issue		2 000	2 000
NAV per share (cents)		7 903 490	9 092 921
TNAV per share (cents)		7 903 490	9 092 921

Statement of comprehensive income
for the year ended 31 March

	Note	**2016 R**	2015 R
Investment income	12	**12 001 143**	62 749 126
Total revenue		**12 001 143**	62 749 126
Operating expenses	13	**(20 076 688)**	(15 531 094)
(Loss)/profit from operations		**(8 075 545)**	47 218 032
Net interest received/(paid)	14	**344 295**	681 624
(Loss)/profit from ordinary activities		**(7 731 250)**	47 899 656
Impairment of investment in subsidiary company	3	**–**	(132 074)
(Loss)/profit before taxation		**(7 731 250)**	47 767 582
Taxation	15	**1 042 640**	(13 842 977)
(Loss)/profit for the year		**(6 688 610)**	33 924 605
Shares in issue		2 000	2 000
Earnings/(loss) per share		(3 344.31)	16 962.30
Dividend per share (cents)		855 000	–

Statement of changes in equity
for the year ended 31 March

	Share capital R	Accumulated profit R	Total R
Balance at 31 March 2014	**127 373 577**	**20 560 232**	**147 933 809**
Total comprehensive income for the year	–	33 924 605	33 924 605
Balance at 31 March 2015	**127 373 577**	**54 484 837**	**181 858 414**
Total comprehensive loss for the year	–	(6 688 610)	(6 688 610)
Transaction with owners recorded directly in equity:			
Dividends paid	–	(17 100 000)	(17 100 000)
Balance at 31 March 2016	**127 373 577**	**30 696 227**	**158 069 804**

Statement of cash flow
for the year ended 31 March

	Note	**2016** **R**	2015 R
Cash flows from operating activities		**(27 353 641)**	(13 183 011)
Cash utilised by operations	16	**(9 589 221)**	(8 747 750)
Interest received		**344 295**	860 962
Interest paid		**–**	(179 338)
Dividend received from subsidiaries		**54 550**	2 766 545
Dividends received from private equity investments		**935 923**	6 919 492
Dividends paid		**(17 100 000)**	–
Taxation paid	17	**(1 999 188)**	(14 802 922)
Cash flows from investing activities			
Proceeds from sale of financial investments		**27 012 377**	21 745 297
Cash flows from financing activities		**3 757 755**	(26 199 205)
Increase in loans to affiliated companies		**(121 457)**	(137 379)
Decrease in loan from holding company		**–**	(22 947 924)
Decrease/(increase) in loan to holding company		**2 654 488**	(5 114 041)
Decrease in loan to subsidiary company		**–**	3 908 155
Decrease in loan from subsidiary company		**(4 763)**	(38 680)
Proceeds from loans and receivables settled		**1 100 000**	900 000
Increase/(decrease) in loans from affiliated companies		**129 487**	(2 769 336)
Net increase/(decrease) in cash and cash equivalents		**3 416 491**	(17 636 919)
Cash and cash equivalents at beginning of year		**876 471**	18 513 390
Cash and cash equivalents at end of year		**4 292 962**	876 471

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements incorporate the following principal accounting policies, which are consistent with those applied in the previous year. All relevant International Financial Reporting Standards ("**IFRS**") and interpretations effective 31 March 2016 have been applied in the preparation of these financial statements, except for those standards and amendments to standards, discussed below, that have been adopted for the first time in the 2016 financial statements.

1.1 Statement of compliance

These financial statements are prepared in accordance with, and comply with IFRS as issued by the International Accounting Standards Board, SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the requirements of the Companies Act of South Africa. The additional disclosure required in terms of paragraphs 8.11 and 8.12 of the listings requirements has been included in these financial statements.

1.2 Basis of preparation

These financial statements are presented in South African Rand, which is Sandown Capital Proprietary Limited's ("**the compan**y") functional currency. These financial statements are prepared in accordance with the going concern principle under the historical cost basis other than financial assets designated as at fair value through profit or loss and held-for-trading instruments, which are measured at fair value.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. The areas involving a high degree of judgement or areas where assumptions and estimates are significant to the financial statements are disclosed in note 20.

The company has elected not to prepare consolidated financial statements in accordance with the exemption in IFRS 10: Consolidated Financial Statements. The financial statements are prepared in accordance with IFRS of the company's parent and are available from the company's registered office. Details of the subsidiaries are included in note 3 and a description of the method used to account for investments in subsidiaries is included in note 1.4.

1.3 New accounting pronouncements

Applicable standards in issue, but not yet effective

There were no new standards adopted for the first time in the 2016 financial statements.

A number of standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2016, and have not been applied in preparing these financial statements. At the date of authorisation of these statements, the following relevant standards and interpretations were in issue but not yet effective:

- **IFRS 9 Financial Instruments**

  On 24 July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 *Financial Instruments:* Recognition and Measurement.

  The standard includes changes in the measurement bases of financial assets to amortised cost, fair value through other comprehensive income or fair value through profit or loss. Even though these measurement categories are similar to IAS 39, the criteria for classification into these categories are significantly different. In addition, the IFRS 9 impairment model has been changed from an "**incurred loss**" model from IAS 39 to an "**expected credit loss**" model. The company has not yet assessed the impact of the new standard.

  The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted.

- **IFRS 15 Revenue from contracts with Customers**

  This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.

The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised

This new standard will most likely have an insignificant impact on the company. The company is currently in the process of performing a more detailed assessment of the impact of this standard on the company and will provide more information in the year ending 31 March 2017 financial statements.

On 12 April 2016 final clarifications to IFRS 15 Revenue from Contracts with Customers were published. The amendments clarify identifying performance obligations, principal vs agent considerations and licensing; and provide some transition relief for modified contracts and completed contracts.

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

- **Disclosure Initiative (Amendments to IAS 7)**

  The amendments provide for disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This includes providing a reconciliation between the opening and closing balances for liabilities arising from financing activities.

  The amendments apply for annual periods beginning on or after 1 January 2017 and early application is permitted.

- **Recognition of Deferred Tax Asset for Unrealised Losses (Amendments to IAS 12)**

  The IASB clarifies deferred tax treatment for debt instruments under IAS 12. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. Therefore, assuming the tax base remains at the original cost of the debt instrument, there is a temporary difference.

  The amendments also provide additional guidance on the methods used to calculate future taxable profit to establish whether a deferred tax asset can be recognised. If, at present, future taxable profits are calculated for the recognition test before the effect of reversing temporary differences, then the amendments are unlikely to have an impact. However, if future taxable profits for the recognition test are the future bottom line of the tax return, then the temporary differences should be reversed to avoid double counting.

  Guidance is provided where an entity may assume that it will recover an asset for more than its carrying amount, provided that there is sufficient evidence that it is probable that the entity will achieve this. Guidance is also provided for deductible temporary differences related to unrealised losses are not assessed separately for recognition. These are assessed on a combined basis, unless a tax law restricts the use of losses to deductions against income of a specific type.

  The amendments are effective for annual periods beginning on or after 1 January 2017 and early application is permitted.

1.4 Investment in subsidiaries

Subsidiaries are entities, including unincorporated entities controlled by the company. The company controls and entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

1.5 Financial assets

Classification

The company classifies its financial assets in the following categories: at fair value through profit or loss and loans and receivables. The classification is dependent on the purpose for which the asset is acquired. Management determines the classification of its investments at the time of purchase.

(i) ***Financial assets at fair value through profit or loss***

This category has two sub-categories: financial assets held-for-trading and those designated at fair value through profit or loss at inception. Included in these sub-categories are the company's investment into hedge funds and investments held as part of the company's private equity activities.

Financial assets, other than those held-for-trading, are classified in this category if they are so designated by management and meet one or more of the following criteria:

(a) the fair value through profit or loss designation eliminates or significantly reduces inconsistencies in measurement or recognition that would otherwise arise from using different bases to measure and recognise the gains and losses on financial assets and financial liabilities;

(b) the asset or liability forms part of a group of financial instruments that is managed, evaluated and reported to the appropriate level of management using a fair-value basis in accordance with a documented risk management or investment strategy.

(ii) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those which the company has classified upon initial recognition as at fair value through profit or loss. Included in this category are trade and other receivables, loans to subsidiary, holding and affiliated entities and cash and cash equivalents.

Measurement

Purchases and sales of "regular way" financial assets are on the trade date, which is when the company commits to the purchase or sell the asset. Other financial assets are recognised on trade date, which is when the company becomes a party to the contractual provisions of the agreement.

All financial assets are initially measured at fair value, plus, in the case of a financial asset not measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs incurred in the acquisition of financial assets measured at fair value through profit or loss are expensed in profit or loss.

After initial recognition, the company measures financial assets held-for-trading or designated at fair value through profit or loss at fair value without any deduction for transaction costs it may incur on their disposal.

The fair value of quoted financial assets is their mid-price at the financial year-end. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is estimated using valuation techniques. These include the use of prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or a group of assets and liabilities and discounted cash flow analysis. Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market-related rate at the financial year-end for a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on market indicators at the financial year-end. If the value of unlisted equity instruments cannot be reliably measured, which would be the case in very limited circumstances, they are measured at cost.

Realised and unrealised gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss are included in profit and loss in the period in which they arise.

Loans and receivables

Loans and receivables are subsequently measured at amortised cost using the effective interest method, less impairment losses which are recognised in profit or loss. In the case of short-term and trade receivables, the impact of discounting is not material and cost approximates amortised cost.

Impairment

Financial assets, other than those held-for-trading and designated as at fair value through profit and loss are reviewed at each financial year-end to determine whether there is objective evidence of impairment. If any such indication exists, the recoverable amount is estimated and the carrying value is reduced to the estimated recoverable amount and the impairment loss is recognised in profit or loss.

Loans and receivables

Loans and receivables carried at amortised cost are impaired if there is objective evidence that the company will not receive cash flows according to the original contractual terms. Default or delinquency in payment and significant financial difficulties are considered indicators that the receivable is impaired. The impairment is calculated as the difference between the carrying value of the asset and the expected cash flows discounted at the original effective rate. The resulting loss is accounted for as an impairment in profit and loss. With regard to trade and other receivables an allowance for impairment is established when there is objective evidence that the company will not be able to collect all amounts due accordingly to the terms of the receivables. The amount of the allowance is the difference between the asset's carrying value and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are recognised in the profit or loss as bad debts recovered.

Derecognition

Financial assets are derecognised if the company's contractual rights to cash flows from the financial assets expire or if the company transfers the financial asset to another party without retaining control or substantially all of the risks and rewards of the asset or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the financial asset.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when and only when, the company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expense items are offset only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

1.6 **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents. Cash and cash equivalents are initially recognised at fair value including transaction costs and subsequently measured at amortised cost using the effective interest method.

1.7 **Financial liabilities**

All financial liabilities are initially recognised at fair value plus transaction costs incurred other than financial liabilities classified as at fair value through profit or loss at inception.

Classification and measurement

Financial liabilities at fair value through profit or loss

This category has two sub-categories: financial liabilities held-for-trading and those designated at fair value through profit or loss at inception:

Held-for-trading

These financial liabilities are subsequently measured at fair value with all fair value movements recognised in profit or loss.

Designated at inception

Financial liabilities, other than those held-for-trading, are classified in this category if they are so designated by management and meet one or more of the following criteria:

(a) the fair value through profit or loss designation eliminates or significantly reduces inconsistencies in measurement or recognition that would otherwise arise from using different bases to measure and recognise the gains and losses on financial assets and financial liabilities;

(b) the asset or liability forms part of a group of financial instruments that is managed, evaluated and reported to the appropriate level of management using a fair-value basis in accordance with a documented risk management or investment strategy.

Financial liabilities measured at amortised cost

These comprise loans from subsidiary and affiliated entities and trade and other payables. These financial liabilities are initially recognised at fair value, net of transaction cost and subsequently measured at amortised cost using the effective interest method. In the case of short-term payables, the impact of discounting is not material and cost approximates amortised cost.

Derecognition

Financial liabilities are derecognised if the company's obligation specified in the contract expire or are discharged or cancelled.

1.8 **Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares are shown in equity as a deduction from proceeds, net of tax.

1.9 **Revenue**

Revenue comprises the fair value of the consideration received or receivable as a result of services performed in the ordinary course of the company's activities.

Principal sources of revenue comprises:

- gains on sale of financial investments;
- changes in the fair value of assets classified as at fair value through profit or loss;
- interest earned on loans made as part of the company's investing activities;
- interest paid on hedge fund gearing, and
- dividend income.

Revenue from service-based activities is recognised either as the service is provided or on completion of the service depending on the nature of the service provided. Interest income is recognised on a basis that reflects the effective yield on the underlying instruments. Dividends are brought into account as at the last date of registration in respect of listed shares and when declared in respect of unlisted shares.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset, or when appropriate, a shorter period to the net carrying amount of the financial asset. When calculating the effective interest rate, the company estimate the cash flows considering all contractual terms of the financial asset and does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. When it is not possible to estimate reliably the cash flows or the expected life of a financial asset, the company uses the contractually cash flows over the full contractual term of the financial asset.

1.10 **Operating lease payments**

Leases in terms of which the company does not assume substantially all of the benefits and risks of ownership are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

1.11 **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or equity, in which case it is recognised in other comprehensive income or directly in equity.

Current tax expense is based on the results for the period as adjusted for items that are not taxable or deductible. The company's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by financial year end.

Deferred taxation is recognised in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is not accounted for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Nor is deferred tax accounted for in respect of temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) enacted or substantially enacted at the financial year-end and expected to apply when the deferred tax asset is realised and deferred tax liability settled. Deferred tax assets are recognised to the extent that it is probable that a taxable profit will be available in future years against which the tax asset can be recovered.

Deferred tax is recognised in profit or loss unless it relates to an item whose movements are recognised directly in other comprehensive income or equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle the current tax liabilities and assets on a net basis or their tax asset and liabilities will be realised simultaneously.

1.12 Employee benefits

Post-retirement benefits

A defined contribution plan is a plan under which the company pays fixed contribution. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense as the related services is provided.

Short-term employee benefits

The company recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation and the obligation can be estimated reliably.

Long-term employee benefits

The related employee benefit expense is recognised in the year in which it is declared (ie the year in which the services are rendered and the expense is incurred) and paid out over the applicable vesting period.

In the current year, a Peregrine Holdings Limited ("**PHL**") long-term executive remuneration incentive scheme was implemented ("**PHL LTI plan**"). The benefit promised to the qualifying employees (PHL executives) is an agreed amount calculated in the year in which the profits are earned, based on the agreed formula ("**LTI award**"). The LTI award vests and is paid out in tranches over a four-year period. The amount to be recognised as an expense and corresponding liability at the reporting date is determined on a straight-line basis over the vesting period.

The 2016 PHL LTI award is payable in four annual tranches of 25% of the total LTI award, commencing with effect from 31 March 2016.

1.13 Dividends

Dividends are recognised in equity when declared.

1.14 Segmental information

Segmental information is not applicable as there is only one operating segment.

2. FINANCIAL INVESTMENTS

2.1 Non-current

	2016 R	2015 R
At fair value through profit and loss designated at inception		
Private equity investments: Listed	**6 466 789**	11 596 356
Private equity investment: Unlisted	**100**	100
Private equity fund	**130 689**	213 668
	6 597 578	11 810 124

The private equity fund investment represents an investment in Firefly Investments 61, a private equity fund that operates as an investment partnership. The fund only houses an unlisted equity instrument.

2.2 Current

	2016 R	2015 R
At fair value through profit and loss designated at inception		
Private equity investments: Unlisted	–	200 000
Private equity: Convertible bond	**6 000 000**	9 400 000
Convertible bond impairment	**(6 000 000)**	(9 200 000)
Private equity: Convertible bond interest	**3 332 808**	3 332 808
Convertible bond interest impairment	**(3 332 808)**	(3 332 808)
Hedge funds	**150 849 891**	162 052 255
	150 849 891	162 252 255

Private equity investments: Unlisted

On 1 November 2011 the company issued a convertible bond that matured on 31 October 2014. The company had the option of converting the bond into 74 875 186 Elite Group Proprietary Limited shares on maturity date. The bond bore interest at three-month JIBAR plus 6% per annum compounded monthly and was payable quarterly in arrears up to and including the maturity date, subject to the conversion right.

In terms of a revised agreement, effective 1 October 2014, it was agreed that the balance outstanding on the capital amount of the bond (R10 million) would be repaid in instalments from 1 December 2014 with the final instalment by no later than 31 May 2016. As per an addendum to the revised agreement, effective 1 December 2015, it was agreed that the final instalment would be repaid by no later than 30 November 2016. The bond bears interest at the prevailing prime rate per annum compounded monthly and is repayable monthly in arrears.

The total amount including interest at year-end was R9 332 808 (2015: R12 732 808), of which the capital portion of R6 000 000 (2015: R9 200 000) and interest portion of R3 332 808 (2015: R3 332 808) has been impaired. R3 400 000 of the capital impaired portion of R6 000 000 was repaid in the current year.

Hedge funds

As at 31 March 2016 Sandown Capital held two (2015: two) unlisted hedge fund investments:

- R111 413 332 (2015: R110 768 655) in the PNF Peregrine Fund en Commandite Partnership ("**PNF Peregrine Fund**") which is shown net of a loan amounting to R57 198 956 (2015: R54 141 243). This investment, made with Peregrine Capital Proprietary Limited ("**Peregrine Capital**"), is on a geared basis. The loan bears interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points. The loan is repayable within 10 days from disinvestment from the PNF Peregrine Fund.
- R96 635 515 (2015: R105 424 843) in the Peregrine Partners Fund en Commandite Partnership ("**Peregrine Partners Fund**").

A register of investments is available for inspection at the registered office of the company in terms of section 26 of the Companies Act.

3. INVESTMENT IN SUBSIDIARY COMPANY

	2016 R	2015 R
Shares at cost		
TWF Investments Proprietary Limited – 70%*	**526 655**	526 655
Impairment		
TWF Investments Proprietary Limited	**(526 655)**	(526 655)
Investment in subsidiary, net of impairment	**–**	–
Loan from subsidiary company		
TWF Investments Proprietary Limited	**–**	(4 763)
	–	(4 763)

**The abovementioned entity is incorporated in South Africa and is unlisted.*

3.1 Disposal during the prior year

With effect from 1 October 2014, the company disposed of its 100% interest in Elite Group Two Proprietary Limited for a consideration of R100.

3.2 Impairment of cost of investment in subsidiary company

The company reassessed the carrying value of its investments in subsidiary companies at the end of the prior year and consequently fully impaired its investment in TWF Investment Proprietary Limited ("**TWF**") as its net book value as at 31 March 2015 was lower than its respective carrying value due to the realisation of financial assets held in TWF in prior years. As there were no material changes in the business activities of TWF a reversal of the impairment was not required in the current reporting period.

3.3 Loans to/(from) subsidiaries

The loan from TWF was unsecured, bore interest at call rates and was settled in the current financial year.

As at 31 October 2014, of the capital and interest owing by Elite Group Two Proprietary Limited on the initial loan of R10 million and the additional loan of R7.5 million, R3.350 million was received in cash and the balance of R14.150 million was settled by Elite Group Two Proprietary Limited by an out-an-out cession of a trade receivable of R14.337 million, net of an impairment allowance of R2.687 million, coupled with the company advancing a new interest free loan of R2.5 million to Elite Group Proprietary Limited (note 6).

4. LOAN TO HOLDING COMPANY

	2016 R	2015 R
Peregrine Holdings Limited ("**PHL**")	**2 459 553**	5 114 041

The loan to PHL bears interest at the prevailing call rates, is unsecured and is repayable on demand or within a period not exceeding 30 years.

5. LOANS TO AFFILIATED COMPANIES

	2016 R	2015 R
Green Oak Capital Proprietary Limited	**4 650 000**	4 650 000
Firefly Investments 61 Partnership	**399 895**	278 438
	5 049 895	4 928 438

On 1 January 2012 Sandown Capital sold 60 000 000 Vunani Limited shares to Green Oak Capital Proprietary Limited ("**Green Oak**") on loan account. On 26 November 2012 an additional 1 000 000 Vunani Limited shares were sold to Green Oak on loan account. The loans are unsecured, interest free and are repayable on the earlier of demand or the date of sale of the Vunani Limited shares.

The loan to Firefly Investments 61 Partnership bears interest at the prevailing call rates, is unsecured and is repayable on demand or within a period not exceeding 30 years.

6. LOANS AND RECEIVABLES

	2016 R	2015 R
Elite Group Proprietary Limited	**–**	150 000

The company advanced a new loan of R2.5 million to Elite Group Proprietary Limited on 27 November 2014. R900 000 of the loan was repaid during the course of the prior year. At the end of the prior year reporting date, the financial ability of the borrower to make payment and past credit history was considered in assessing the need for impairment. Following such assessment R1 450 000 of the R1 600 000 outstanding as at 31 March 2015 was impaired. R1 100 000 of the R1 600 000 was received in the current year. R950 000 of the impairment allowance of R1 450 000 was reversed in the current year. The loan was unsecured and interest free.

7. TRADE AND OTHER RECEIVABLES

	2016 R	2015 R
Trade debtors	**218 239**	11 650 100
Balance due from broker	**26 072**	1 726
	244 311	11 651 826

Trade debtors are shown net of an impairment allowance of R14 118 926 (2015: R2 687 064). Balance due from broker represents amounts receivable for securities sold, but not yet settled, in accordance with trade date accounting for regular way sale transactions.

8. SHARE CAPITAL

	2016 R	2015 R
Share capital	**127 373 577**	127 373 577

As at 31 March 2016 the authorised and issued share capital of the company is 2 000 ordinary shares of no par value (2015: 2 000 ordinary shares of no par value).

9. DEFERRED TAXATION

Deferred tax assets and (liabilities) are attributable to the following:

	2016 R	2015 R
Fair value adjustments – financial investments	**(3 845 460)**	(3 379 354)
Estimated tax losses	**1 677 209**	–
Accruals	**4 523 445**	4 691 908
	2 355 194	1 312 554
Reconciliation of movement in deferred tax balance:		
At beginning of the year	**1 312 554**	1 106 041
Movement through profit and loss:	**1 042 640**	206 513
Fair value adjustments – financial investments	**(547 798)**	(824 905)
Prepayments	**–**	73 500
Estimated assessable losses for set-off against future income	**1 677 209**	–
Accruals	**(168 463)**	957 918
Rate change – financial investments	**81 692**	–
	2 355 194	1 312 554

10. LOAN FROM AFFILIATED COMPANY

	2016 R	2015 R
Peregrine SA Holdings Proprietary Limited	**3 116 354**	2 986 867

The loan from Peregrine SA Holdings Proprietary Limited is interest free, unsecured and has no fixed terms of repayment or within a period not exceeding 30 years.

11. TRADE AND OTHER PAYABLES

	2016 R	2015 R
Trade and administrative	**557 412**	670 663
Employee costs	**11 421 911**	11 891 911
	11 979 323	12 562 574

12. INVESTMENT INCOME

Dividend income – subsidiary company	**54 550**	2 766 545
Dividend income – listed private equity	**935 923**	710 599
Dividend income – unlisted private equity	**–**	6 208 893
Investment returns – hedge funds	**14 425 349**	65 148 995
Financial instruments at fair value through profit of loss – realised gains	**613 203**	–
Fair value adjustments – unlisted private equity	**3 117 021**	(13 222 839)
Fair value adjustments – listed private equity	**(4 944 567)**	(4 603 278)
(Loss)/profit on disposal of financial investments	**(13 875)**	4 631 532
Interest received – private equity loans	**871 252**	2 704 438
Interest impairment – private equity loans	**–**	1 009 783
Interest paid – hedge fund loans	**(3 057 713)**	(2 605 542)
	12 001 143	62 749 126

13. OPERATING EXPENSES

	2016 R	2015 R
Includes:		
Audit fees	**339 388**	365 669
Current year	**333 460**	320 563
Prior year under provision	**–**	42 495
Other	**5 928**	2 611
Directors' emoluments – for managerial services (note 13.1)	**12 665 841**	9 130 180
Salaries and contributions	**2 414 558**	2 274 965
Retirement benefit plans	**325 733**	310 215
Bonus	**9 925 550**	6 545 000
Bonus (under)/over provision	**(3 850 550)**	568 161
Salaries and related costs	**8 815 291**	9 698 341
Fees for services	**40 838**	638 808
Administration	**24 558**	19 092
Secretarial	**16 280**	3 140
Technical	**–**	616 576
Operating lease rentals	**137 161**	125 077
Premises	**134 979**	122 950
Technical	**2 182**	2 127

13.1 Directors' emoluments

	Basic salary R'000	Pension fund benefits R'000	Short-term incentive bonus R'000	Emoluments for services R'000	Long-term incentive bonus[1] R'000	Total emoluments R'000
For the year ended 31 March 2016						
Paid to executive directors of the company – for managerial services						
M Yachad	1 731	233	4 280	6 244	938	7 182
Paid to executive directors of the holding company – for managerial services	**684**	**92**	**4 356**	**5 132**	**351**	**5 483**
J Hertz	234	31	3 136	3 401	117	3 518
RE Katz	450	61	1 220	1 731	234	1 965
	2 415	**325**	**8 636**	**11 376**	**1 289**	**12 665**
Paid to executive directors of the company by affiliated company – for managerial services						
M Yachad	**433**	**58**	**1 070**	**1 561**	**234**	**1 795**

	Basic salary R'000	Pension fund benefits R'000	Short-term incentive bonus R'000	Emoluments for services R'000	Long-term incentive bonus[1] R'000	Total emoluments R'000
For the year ended 31 March 2015						
Paid to executive directors of the company – for managerial services						
M Yachad	1 631	222	4 160	6 013	–	6 013
Paid to executive directors of the holding company – for managerial services	**644**	**88**	**2 385**	**3 117**	**–**	**3 117**
J Hertz	220	30	1 085	1 335	–	1 335
RE Katz	424	58	1 300	1 782	–	1 782
	2 275	**310**	**6 545**	**9 130**	**–**	**9 130**
Paid to executive directors of the company by affiliated company – for managerial services						
M Yachad	**408**	**56**	**1 040**	**1 504**	**–**	**1 504**

*[1]Effective for the year ended 31 March 2016, PHL has implemented a long-term executive remuneration incentive scheme ("***LTI plan***"), which awards under the LTI plan to the executive directors of PHL are calculated based on group and individual performance over the performance period. Performance is measured with reference to the achievement of expressly identified performance metrics that include both financial and non-financial indicators. The awards take the form of cash payments. To retain the executives over the long-term, they are required to be in the employ of the group at each respective payment date. The 2016 LTI award, which amounted to R5.2 million, is payable in four equal tranches of 25% of the 2016 LTI award. For the 2016 financial year 25% of the LTI vested and thereafter 25% vests at the end of the 2017, 2018 and 2019 financial years respectively.*

14. NET INTEREST RECEIVED/(PAID)

	2016 R	2015 R
Interest received (note 14.1)	**344 295**	860 962
Interest paid (note 14.2)	**–**	(179 338)
	344 295	681 624

14.1 Interest received

	2016 R	2015 R
Bank balances	**111 406**	486 759
Loans – holding company	**100 846**	314 041
Loans – affiliated companies	**20 661**	10 495
Other	**111 382**	49 667
	344 295	860 962
Arising on:		
Loans and receivables at amortised cost	**344 295**	860 962

14.2 **Interest paid**

	2016 **R**	2015 R
Loans – subsidiaries	–	2 525
Loans – holding company	–	161 547
Loans – other	–	15 266
	–	179 338
Arising on:		
Financial liabilities at amortised cost	–	164 072
Non-financial instruments	–	15 266
	–	179 338

15. TAXATION

South African normal taxation		
– Current year	–	(14 049 490)
Deferred tax	**1 042 640**	206 513
– Current year	**960 948**	132 932
– Prior year under provision	–	73 581
– Rate change [1]	**81 692**	–
	1 042 640	(13 842 977)
Tax rate reconciliation	**%**	%
Standard rate of taxation	**28.00**	28.00
Adjusted for:		
Disallowable expenditure	**(47.66)**	8.59
Capital profits and exempt income	**32.14**	(7.46)
Capital losses	**(0.05)**	–
Loss attributable to partners in private equity fund	–	–
Prior year under provision	–	(0.15)
Rate change[1]	**1.06**	–
Effective rate of taxation	**13.49**	28.98

[1] *Capital gains tax changed from 18.6% to 22.4% with effect from 1 March 2016.*

16. CASH UTILISED BY OPERATIONS

	2016 R	2015 R
(Loss)/profit before taxation	**(7 731 250)**	47 767 582
Adjusted for:	**(1 250 374)**	(59 135 974)
Impairment allowance – trade debtors	**11 431 861**	2 687 065
(Reversal of impairment)/impairment allowance – loans and receivables	**(950 000)**	1 450 000
Interest received	**(344 295)**	(860 962)
Interest paid	**–**	179 338
Investment returns attributable to hedge fund investments, net of interest paid on hedge fund loans	**(11 367 636)**	(62 543 453)
Fair value of private equity investments	**1 827 546**	17 826 117
Loss/(profit) on disposal of private equity investments	**13 875**	(4 631 532)
Non-cash portion of interest received on private equity investments	**(871 252)**	(3 688 584)
Impairment of investment in subsidiary company	**–**	132 074
Dividends received from subsidiary	**(54 550)**	(2 766 545)
Dividends received from private equity investments	**(935 923)**	(6 919 492)
	(8 981 624)	(11 368 392)
Working capital changes	**(607 597)**	2 620 642
(Increase)/decrease in trade and other receivables	**(24 346)**	406 352
(Decrease)/increase in trade and other payables	**(583 251)**	2 214 290
	(9 589 221)	(8 747 750)

17. TAXATION PAID

Unpaid at beginning of the year	**683 091**	1 436 523
Current tax expense	**–**	14 049 490
Prepaid/(unpaid) at end of the year	**1 316 097**	(683 091)
	1 999 188	14 802 922

18. HEADLINE EARNINGS

(Loss)/profit for the year	**(6 688 610)**	33 924 605
Impairment	**–**	132 074
Headline earnings/(loss) for the year	**(6 688 610)**	34 056 679
Shares in issue	**2 000**	2 000
Headline earnings/(loss) per share	**(3 344.31)**	17 028.34

There are no dilutionary instruments in issue.

19. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

2016	At fair value through profit and loss: designated at inception R	Loans and receivables at amortised cost R	Financial liabilities at amortised cost R	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R	Total R	Fair value of financial instruments R
Non-current assets	**6 597 578**	**–**	**–**	**2 355 194**	**8 952 772**	
Financial Investments	6 597 578	–	–	–	**6 597 578**	6 597 578
Deferred taxation	–	–	–	2 355 194	**2 355 194**	
Current assets	**150 849 891**	**12 046 721**	**–**	**1 316 097**	**164 212 709**	
Financial investments	150 849 891	–	–	–	**150 849 891**	150 849 891
Loan to holding company	–	2 459 553	–	–	**2 459 553**	
Loans to affiliated companies	–	5 049 895	–	–	**5 049 895**	
Trade and other receivables	–	244 311	–	–	**244 311**	
Taxation	–	–	–	1 316 097	**1 316 097**	
Cash and cash equivalents	–	4 292 962	–	–	**4 292 962**	
Total assets	**157 447 469**	**12 046 721**	**–**	**3 671 291**	**173 165 481**	
Current liabilities	**–**	**–**	**3 673 766**	**11 421 911**	**15 095 677**	
Loan from affiliated company	–	–	3 116 354	–	**3 116 354**	
Trade and other payables	–	–	557 412	11 421 911	**11 979 323**	
Total liabilities	**–**	**–**	**3 673 766**	**11 421 911**	**15 095 677**	

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

2015	At fair value through profit and loss: designated at inception	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Non-financial instruments and financial instruments beyond the scope of IFRS 7	**Total**	Fair value of financial instruments
	R	R	R	R	**R**	R
Non-current assets	**11 810 124**	**–**	**–**	**1 312 554**	**13 122 678**	
Financial investments	11 810 124	–	–	–	**11 810 124**	11 810 124
Deferred taxation	–	–	–	1 312 554	**1 312 554**	
Current assets	**162 052 255**	**22 920 776**	**–**	**–**	**184 973 031**	
Financial investments	162 052 255	200 000	–	–	**162 252 255**	162 052 255
Loan to holding company	–	5 114 041	–	–	**5 114 041**	
Loans to affiliated companies	–	4 928 438	–	–	**4 928 438**	
Loans and receivables	–	150 000	–	–	**150 000**	
Trade and other receivables	–	11 651 826	–	–	**11 651 826**	
Cash and cash equivalents	–	876 471	–	–	**876 471**	
Total assets	**173 862 379**	**22 920 776**	**–**	**1 312 554**	**198 095 709**	
Current liabilities	**–**	**–**	**3 662 293**	**12 575 002**	**16 237 295**	
Loan from subsidiary company	–	–	4 763	–	**4 763**	
Loan from affiliated companies	–	–	2 986 867	–	**2 986 867**	
Trade and other payables	–	–	670 663	11 891 911	**12 562 574**	
Taxation	–	–	–	683 091	**683 091**	
Total liabilities	**–**	**–**	**3 662 293**	**12 575 002**	**16 237 295**	

Fair value information has not been provided for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

20. RISK MANAGEMENT

Having regard to the fact that managing risk is an inherent part of the company's activities, risk management and the ongoing improvement in corresponding control structures remain a key focus of management in building a successful and sustainable business. Within a complex financial services environment, the board recognises that risk management is a dynamic process and that the risk framework should be robust enough to effectively manage and react to change in an efficient and timeous manner.

Formalisation of a risk management framework for the company is the responsibility of the board of directors of Peregrine Holdings Limited. The framework ensures:

- efficient allocation of capital across various activities in order to maximise returns and diversification of income streams;
- risk taking within levels acceptable to the group as a whole and within the constraints of the relevant business unit;
- efficient liquidity management and control of funding costs; and
- appropriate risk management and control.

Whilst the board is ultimately responsible for the management of risk, the board relies on management to operate within the control structures and frameworks, established by the board and has delegated the responsibility for implementation of the risk framework to functions within the operating units. The structure of the group promotes the active participation of executive management in all of the operational and strategic decisions affecting their business units. This creates a strong culture of ownership and accountability.

Senior management take an active role in the risk management process and are responsible for the implementation, ongoing maintenance of and ultimate compliance with the risk process as it applies to the company. The board is kept abreast of developments through formalised reporting structures, ongoing communication with management, group risk and compliance committees, regular board meetings at an operating subsidiary level and through representation of executive members of the board on certain of the forums responsible for the management of risk at an operating subsidiary level. The group remains committed to employing the highest calibre of staff to ensure a strong financial and operational infrastructure within each of the business units.

Risk management structure

The company's risk management framework is summarised below. Key responsibilities lie with the following management bodies and committees.

Peregrine Holdings board of directors: responsible to shareholders for the strategic direction, supervision and control of the group and for defining the group's overall tolerance for risk.

Board of directors of company: responsible for the strategic direction, supervision and control of the respective entity and for defining the entity's tolerance for risk.

Risk and Compliance Committee: responsible for assisting the board of directors of the group and subsidiary entities in fulfilling their responsibilities by providing guidance regarding risk governance and the development of the group's risk profile, including regular review of major risk exposures and the management of risk limits. The chairman of the Risk Committee reports back to the board of directors of the group in this regard.

Audit Committee: responsible for assisting the various boards in fulfilling their oversight responsibilities by monitoring management's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance.

Internal auditors: responsible for assisting the boards, Audit Committee and management in fulfilling their responsibilities by providing an objective and independent evaluation of the effectiveness of control, risk management and governance processes.

The nature and key risks to which the company is exposed are categorised as follows:

20.1 Market risk

Market risk is the potential change in the value of a financial instrument resulting from changes in market prices. The company's activities expose it primarily to the financial risks of changes in equity prices and interest rates.

20.1.1 *Equity pricing risk*

20.1.1.1 Key risk exposures

The company's investment activities include investments into hedge funds and investment banking opportunities. Investments are managed by a separate business unit, under mandate from the Peregrine Holdings board and subject to specific investment criteria.

The company's investment into hedge funds and investment banking opportunities exposes the company to market risk. The company is exposed to market risk associated with the underlying instruments held by hedge funds. The company also has exposure to equity price movements as a result of listed and unlisted investments held as part of its investment banking activities.

As at reporting date, company's capital was allocated per concentration of risk, which is by type of instrument:

	2016 **R**	2015 R
Hedge fund investments	**150 849 891**	162 052 255
Listed private equity investments	**6 466 789**	11 596 356
Unlisted private equity investments	**100**	100
Private equity fund	**130 689**	213 668
	157 447 469	173 862 379

20.1.1.2 Equity sensitivity analysis

Investment into hedge funds

To date, the company has successfully invested funds in the PNF Peregrine Fund, managed by Peregrine Capital and in the Peregrine Partners Fund managed by Peregrine Fund Platform Proprietary Limited ("**PFP**").

Peregrine Capital manages a suite of hedge funds, which focus on South African listed equity counters. Stock selection is primarily bottom up, based on fundamental research employing disciplined and consistent research procedures. The funds aim to achieve positive returns regardless of the direction of the equity market.

The company expanded on the success achieved by Peregrine Capital by investing in the Peregrine Partners fund, housed within PFP. The decision to invest and the quantum thereof forms part of the company's capital allocation decision implemented and managed by the PHL's executives. The decision to remain invested in the funds once they have achieved financial success forms part of the investment of company capital.

Funds are subject to appropriate due diligence and selected on the basis of the manager's track record and experience, their approach to investment and risk management, as well as their ability to demonstrate sound operational procedures and acceptable legal infrastructure. Investment into the funds is on an arm's length basis.

Operational controls surrounding the investment process include:

- management according to a fund mandate, which sets out investment parameters including target investments, maximum holdings and exposures, and various investment limits;
- investor review by way of daily access to portfolio information and regular reporting;
- monitoring of positions against mandate limits;
- utilisation of external administrators for the provision of independent accounting, administration and valuation services;
- utilisation of an appropriate prime-broker;
- internal audit of controls and procedures surrounding fund valuations, mandate monitoring and KYC compliance; and
- an annual audit of the funds by the company's external auditors.

Investments into the funds managed by Peregrine Capital are diversified between growth and performance funds. Through Green Oak investments are further diversified as selected managers employ a variety of trading systems and strategies. The selection of funds and managers is part of the ongoing and active management of the company's statement of financial position and fits in with the core focus of the group in the hedge fund industry.

The company measures the profit or loss of its proprietary investment portfolio monthly or more regularly if required and has the ability to exit investments on a monthly basis. As the funds in which the company has invested to date are managed in-house, the company has access to detailed portfolio composition, risk reports and the ability to review underlying investment decisions of the fund manager. The risk management process surrounding the funds is viewed as fundamental and primary to the long-term success of the funds.

The fair value of the company's investments into hedge funds is determined using the underlying market values of the investments held by each fund. As a result of the nature of the funds into which the company has invested, the investments are largely exposed to movements in the prices of equity instruments listed on the JSE.

The table overleaf depicts the sensitivity of the company's hedge fund investments to various market indices (variables) over a range of market movements (up or down). The measurement of the impact on profit and loss is based on a fund beta, determined for each fund and for each of the market variables selected. The fund beta measures the correlation of the fund to a change in the underlying variable. The beta is derived by regression analysis of the fund's historic monthly performance relative to the performance of the variable selected, from the date of inception of the fund. A portfolio beta for the portfolio of hedge fund investments has been determined from the betas of the individual funds, weighted for the percentage invested in each fund at the reporting date.

It is important to note that the results of the regression analysis may not be statistically significant due to the small number of observations for certain of the newer funds. Also, past performance is not necessarily an indicator of future events. Consequently, the impact on profit and loss as presented may not accurately reflect the future performance of the funds under the scenarios presented.

Based on the simple regression analysis of 10% appreciation in the respective beta's would result in the following impact on profit or loss on pre- and post-tax basis and equity:

		% change in variable 2016	**% change in portfolio 2015**	**Impact on pre-tax profit or loss 2016 R**	**Impact on profit or loss post-tax* 2016 R**	**Impact on pre-tax profit or loss 2015 R**	**Impact on profit or loss post-tax * 2015 R**
Market variable							
ALSI	10	**2.83**	2.12	**5 882 053**	**4 235 078**	4 582 438	3 299 355
Mid cap	10	**3.36**	3.57	**6 995 111**	**5 036 480**	7 707 926	5 549 707
Small cap	10	**3.20**	4.59	**6 656 870**	**4 792 946**	9 928 372	7 148 428
ALBI	10	**2.37**	2.85	**4 923 959**	**3 545 250**	6 158 662	4 434 237

** The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

Investments held as part of the company's investment banking activities

The company holds listed and unlisted private equity investments. The company has approximately 4% (2015: 7%) of its proprietary capital invested in listed and unlisted equities as part of its investment banking activities. Investment decisions are structured within a fund mandate, approved by the PHL board and implemented and managed as part of the investment of company capital. The mandate prescribes overall private equity exposure as a proportion of the company's investable assets and limits exposure to individual investments and investment types.

A portion of the company's investment banking activities are conducted through an investment in Firefly Investments 61, a private equity fund that operates as an investment partnership. The sensitivity analysis is presented for the portfolio of investment banking assets held directly and on a see-through basis for the investments held through the private equity fund.

The table below depicts the sensitivity of the valuation of the company's listed and unlisted private equity investments to a 10% change in the significant variables.

	% change in variable	Impact on pre-tax profit or loss 2016 R	Impact on profit or loss post-tax* 2016 R	Impact on pre-tax profit or loss 2015 R	Impact on profit or loss post-tax* 2015 R
Listed	10	**646 679**	**501 823**	1 159 636	943 170
Unlisted	10	**13 079**	**10 149**	21 377	17 387
		659 758	**511 972**	1 181 013	960 557

**The impact on profit or loss post-tax are deemed to be the same as the impact on equity.*

A 10% depreciation in the respective variables will result in an equal but opposite effect to the amount shown above.

20.1.2 *Interest rate risk*

20.1.2.1 *K*ey risk exposures

Interest rate risk refers to the impact on future cash flows and earnings of interest sensitive assets and liabilities as a result of interest rates repricing.

Financial assets and liabilities that are sensitive to interest rate risk comprise those instruments carried at amortised cost. This includes cash balances, loans to and from subsidiary companies (note 3), loans to and from affiliated companies (notes 5 and 10), loans to holding company (note 4) and loans and receivables (note 6). Borrowings comprise of loans from affiliated companies and amounts borrowed against hedge fund investments. The decision to gear against certain of the hedge fund investments is to enhance investment returns rather than as a result of a funding decision. The rates paid on hedge fund gearing are thus managed as part of the overall return expectations of PHL group capital.

The company's manages interest rate exposure arising from other borrowings as part of the overall management of PHL group capital. The decision to borrow and the levels at which borrowings are maintained are evaluated on a regular basis. Considerations include historic and anticipated investment yields and the cost of borrowing, the company's liquidity requirements and the current state of credit markets. The efficient allocation of capital should enhance profitability over the longer term.

In respect of free cash flow, the company manages interest rate risk through a centralised treasury function. The treasury aims to protect and enhance net interest income, to ensure cost-effective sources of funding and to mitigate against residual undesirable interest rate risks. Cash requirements are monitored daily and cash is placed with high credit rated financial institutions.

20.1.2.2 **Interest rate sensitivity analysis**

The repricing profile of financial assets and liabilities carried at amortised cost that are sensitive to interest rate fluctuations is presented in the table overleaf. Short-term financial assets and liabilities carried at amortised cost whereby the effects of discounting are considered to be immaterial are reflected as "non-rate" in the sensitivity analysis. Non-interest-bearing asset and liabilities carried at amortised cost are specifically classified as non-rate financial instruments.

A 2% increase or decrease in interest rates represents management's assessment of the reasonable possible change in interest rates. The table depicts the sensitivity of a 2% parallel shift in the applicable rates respectively.

2016	Carrying value of financial instrument at amortised cost R	Interest rate %	Current year's interest income/ expense* R	Reasonable change in rate [2%] R	Impact on pre-tax profit or loss** R	Impact on post-tax profit or loss*** R
Interest sensitivity gap						
Interest-bearing financial assets						
Loan to holding company	2 459 553	6.50	100 846	209 062	108 216	77 916
Loans to affiliated companies	399 895	6.50	20 661	33 991	13 330	9 598
Loans to affiliated companies: non-rate	4 650 000	Non-rate	–	–	–	–
Trade and other receivables	26 072	6.75	88 009	2 281	(85 728)	(61 724)
Trade and other receivables: non-rate	218 239	Non-rate	–	–	–	–
Cash and cash equivalents	4 292 962	5.32	111 406	314 245	202 839	146 044
	12 046 721		**320 922**	**559 579**	**238 657**	**171 834**
Interest-bearing financial liabilities						
Loan from affiliated companies	3 116 354	Non-rate	–	–	–	–
Trade and other payables	557 412	Non-rate	–	–	–	–
	3 673 766		**–**	**–**	**–**	**–**

** The current year's interest income/expense relates only to those most significant interest-bearing financial instruments.*

*** Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end (ie it is not a change of the current year's interest expense, rather it calculates the impact on the following year's net finance cost if rates fluctuated by 2%.*

**** The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

2015	Carrying value of financial instrument at amortised cost R	Interest rate %	Current year's interest income/ expense* R	Reasonable change in rate [2%] R	Impact on pre-tax profit or loss** R	Impact on post-tax profit or loss*** R
Interest sensitivity gap						
Interest-bearing financial assets						
Financial investments	200 000	9.25	443 365	22 500	(420 865)	(303 022)
Loan to holding company	5 114 041	5.25	314 041	370 768	56 727	40 843
Loans to affiliated companies	278 438	5.25	10 495	20 187	9 692	6 978
Loans to affiliated companies: non-rate	4 650 000	Non-rate	–	–	–	–
Loans and receivables	150 000	Non-rate	–	–	–	–
Trade and other receivables	11 651 826	Non-rate	–	–	–	–
Cash and cash equivalents	876 471	0.92	486 759	25 619	(461 140)	(332 021)
	22 920 776		**1 254 660**	**439 074**	**(815 586)**	**(587 222)**
Interest-bearing financial liabilities						
Loan from subsidiary company	4 763	5.25	2 525	345	(2 180)	(1 569)
Loan from affiliated companies	2 986 867	Non-rate	–	–	–	–
Trade and other payables	670 663	Non-rate	–	–	–	–
	3 662 293		**2 525**	**345**	**(2 180)**	**(1 569)**

** The current year's interest income/expense relates only to those most significant interest-bearing financial instruments.*

*** Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end (ie it is not a change of the current year's interest expense, rather it calculates the impact on the following year's net finance cost if rates fluctuated by 2%.*

**** The impact on profit or loss post-tax is deemed to be the same as the impact on equity.*

20.2 Credit risk

20.2.1 *Key risk exposures*

Credit risk is the risk of loss resulting from the default of a counterparty. Credit risk includes settlement risk.

There are no significant concentration of credit risk for the company.

Assets that expose the company to credit risk consist principally of trade and other receivables, cash deposits, loan to subsidiary company (note 3), loan to holding company (note 4), loans to affiliated companies (note 5) and loans and receivables (note 6). Cash is placed on deposit with high credit rated financial institutions. Credit risk is limited due to the high credit rating of counterparties.

Other than for off-balance sheet exposures, the carrying value of financial assets recorded in the financial statements, which is net of impairment losses, represents the company's maximum exposure to credit risk.

20.2.2 ***Financial assets not impaired***

The ageing of financial assets past due and not impaired at the reporting date is set out below:

	Maximum exposure to credit risk R	**Not past due R**	**Non-financial instruments and financial instruments beyond the scope of IFRS 7 R**	**Carrying value R**
2016				
Loan to holding company	2 459 553	2 459 553	–	2 459 553
Loans to affiliated companies	5 049 895	5 049 895	–	5 049 895
Trade and other receivables	244 311	244 311	–	244 311
Cash and cash equivalents	4 292 962	4 292 962	–	4 292 962
	12 046 721	**12 046 721**	**–**	**12 046 721**
2015				
Financial investments	200 000	200 000	–	200 000
Loan to holding company	5 114 041	5 114 041	–	5 114 041
Loans to affiliated companies	4 928 438	4 928 438	–	4 928 438
Loans and receivables	150 000	150 000	–	150 000
Trade and other receivables	11 651 826	11 651 826	–	11 651 826
Cash and cash equivalents	876 471	876 471	–	876 471
	22 920 776	**22 920 776**	**–**	**22 920 776**

The credit quality of financial assets neither past due nor impaired is as follows:

	Strong R	Satisfactory R	High risk R	Total R
2016				
Loan to holding company	2 459 553	–	–	2 459 553
Loans to affiliated companies	5 049 895	–	–	5 049 895
Trade and other receivables	26 072	–	218 239	244 311
Cash and cash equivalents	4 292 962	–	–	4 292 962
	11 824 482	**–**	**218 239**	**12 046 721**
2015				
Financial investments	200 000	–	–	200 000
Loan to holding company	5 114 041	–	–	5 114 041
Loans to affiliated companies	4 928 438	–	–	4 928 438
Loans and receivables	150 000	–	–	150 000
Trade and other receivables	1 726	–	11 650 100	11 651 826
Cash and cash equivalents	876 471	–	–	876 471
	11 270 676	**–**	**11 650 100**	**22 920 776**

Financial statement descriptions can be summarised as follows:

Strong: there is a very high likelihood that the asset will be recovered in full.

Satisfactory: there is still a high likelihood that the asset will be recovered in full, however, the counterparty has indicated some evidence of deterioration and is being monitored more carefully.

High risk: there is concern over the counterparty's ability to make payments when due. These receivables have not yet been impaired, and the counterparty is continuing to make payments when due and is expected to settle all outstanding amounts.

20.2.3 ***Impairment***

Impairment losses are accounted for in terms of accounting policy note 1.5. Default, delinquency in payment and significant financial difficulties are considered indicators that a receivable is impaired. At year-end management has assessed its financial assets and determined, based on historic default rates and the credit quality of clients, and concluded that no additional specific impairments are required in respect of these financial assets. In the prior financial year-end the capital and interest accruals due on the loan to Elite Group Proprietary Limited and the convertible bond issued to Elite Group Proprietary Limited was impaired based on the circumstances of Elite Group Two Proprietary Limited and Elite Group Proprietary Limited. Based on historic default rate, the company believes that impairment allowance is necessary in respect of trade receivables. The impairment allowance account is used to record impairment losses unless the company is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The movement in the allowance for impairment in respect of loans and trade receivables is as follows:

	2016 **R**	2015 R
At beginning of the year	**7 469 873**	4 342 591
Increase in allowance raised	**11 431 861**	5 814 347
Reversal of allowance raised	**(950 000)**	(2 687 065)
	17 951 734	7 469 873

20.3 **Liquidity risk**

20.3.1 ***Key risk exposures***

Liquidity risk refers to the ability to meet funding obligations as they fall due. The Peregrine groups' treasury function is centralised, thus ensuring that capital is appropriately allocated across the group and that funding and commitments are met timeously.

The company is currently funded by way of a rand loan from a fellow subsidiary company. The company has the ability to borrow from its parent company and has the ability to draw down on hedge fund investments on a monthly basis should a liquidity shortfall arise.

20.3.2 ***Liquidity mismatch table***

A summary of the company's undiscounted liquidity profile is reflected in the table overleaf. Assets and liabilities are allocated according to their contractual maturity dates. The company has the ability to disinvest from the hedge funds on a monthly basis. Other investment banking assets (including listed equities) are shown as realisable in greater than a year.

Liquidity mismatch table 2016	Demand R	1 – 6 months R	6 months – 1 year R	1 – 5 years R	>5 years R	Non-financial instruments R	Total R
Assets							
Non-financial assets and financial assets beyond the scope of IFRS 7:	**–**	**–**	**–**	**–**	**–**	**3 671 291**	**3 671 291**
Deferred taxation	–	–	–	–	–	2 355 194	**2 355 194**
Taxation	–	–	–	–	–	1 316 097	**1 316 097**
Non-derivative financial assets used to manage liquidity risk:	**4 292 962**	**153 735 411**	**4 868 239**	**6 007 125**	**590 453**	**–**	**169 494 190**
Financial investments	–	150 849 891	–	6 007 125	590 453	–	**157 447 469**
Loans to holding and affiliated companies	–	2 859 448	4 650 000	–	–	–	**7 509 448**
Trade and other receivables	–	26 072	218 239	–	–	–	**244 311**
Cash and cash equivalents	4 292 962	–	–	–	–	–	**4 292 962**
	4 292 962	**153 735 411**	**4 868 239**	**6 007 125**	**590 453**	**3 671 291**	**173 165 481**
Non-derivative financial liabilities:	**–**	**3 673 766**	**–**	**–**	**–**	**11 421 911**	**15 095 677**
Loans from affiliated companies	–	3 116 354	–	–	–	–	**3 116 354**
Trade and other payables	–	557 412	–	–	–	11 421 911	**11 979 323**
	–	**3 673 766**	**–**	**–**	**–**	**11 421 911**	**15 095 677**
Equity	–	–	–	–	–	158 069 804	**158 069 804**
Liquidity gap	4 292 962	150 061 645	4 868 239	6 007 125	590 453	(165 820 424)	**–**
Cumulative liquidity gap	4 292 962	154 354 607	159 222 846	165 229 971	165 820 424	–	**–**

Liquidity mismatch table 2015	Demand R	1 – 6 months R	6 months – 1 year R	1 – 5 years R	>5 years R	Non-financial instruments R	Total R
Assets							
Non-financial assets and financial assets beyond the scope of IFRS 7:							
Deferred taxation	–	–	–	–	–	1 312 554	1 312 554
Non-derivative financial assets used to manage liquidity risk:	**876 471**	**179 096 560**	**5 000 000**	**11 247 189**	**562 935**	**–**	**196 783 155**
Financial investments	–	162 052 255	200 000	11 247 189	562 935	–	174 062 379
Loans to holding and affiliated companies	–	5 392 479	4 650 000	–	–	–	10 042 479
Loans and receivables	–	–	150 000	–	–	–	150 000
Trade and other receivables	–	11 651 826	–	–	–	–	11 651 826
Cash and cash equivalents	876 471	–	–	–	–	–	876 471
	876 471	**179 096 560**	**5 000 000**	**11 247 189**	**562 935**	**1 312 554**	**198 095 709**
Liabilities							
Non-financial liabilities and financial liabilities beyond the scope of IFRS 7:							
Taxation	–	–	–	–	–	683 091	683 091
Non-derivative financial liabilities:	**–**	**3 662 293**	**–**	**–**	**–**	**11 891 911**	**15 554 204**
Loans from subsidiary and affiliated companies	–	2 991 630	–	–	–	–	2 991 630
Trade and other payables	–	670 663	–	–	–	11 891 911	12 562 574
	–	**3 662 293**	**–**	**–**	**–**	**12 575 002**	**16 237 295**
Equity	–	–	–	–	–	181 858 414	181 858 414
Liquidity gap	876 471	175 434 267	5 000 000	11 247 189	562 935	(193 120 862)	–
Cumulative liquidity gap	876 471	176 310 738	181 310 738	192 557 927	193 120 862	–	–

20.4 **Fair value hierarchy**

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. Underlying the definition of fair value is a presumption that an entity is a going concern without any intention or need to liquidate, to curtail materially the scale of its operations or to undertake a transaction on adverse terms. Fair value is not, therefore, the amount that an entity would receive or pay in a forced transaction, involuntary liquidation or distressed sale.

The fair value of financial instruments traded in active markets is based on unadjusted quoted market prices at reporting date. A market is regarded as active if quoted prices for identical assets or liabilities are readily available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the company is the mid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. These valuation techniques maximise the use of observable data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instruments are included in level 2.

If one or more significant inputs are not based on observable market data, the instrument is included in level 3.

The following table presents the company's assets that are measured at fair value as at 31 March:

	Level 1 R	Level 2 R	2016 Total R
Financial assets at fair value though profit or loss			
Designated at inception:			
Private equity investments – listed	6 466 789	–	**6 466 789**
Private equity investments – unlisted	–	100	**100**
Private equity fund	–	130 689	**130 689**
Hedge fund investments – unlisted	–	150 849 891	**150 849 891**
Total financial assets carried at fair value	**6 466 789**	**150 980 680**	**157 447 469**

	Level 1 R	Level 2 R	2015 Total R
Financial assets at fair value though profit or loss			
Designated at inception:			
Private equity investments – listed	11 596 356	–	11 596 356
Private equity investments – unlisted	–	100	100
Private equity fund	–	213 668	213 668
Hedge fund investments – unlisted	–	162 052 255	162 052 255
Total financial assets carried at fair value	**11 596 356**	**162 266 023**	**173 862 379**

Fair value disclosures are not required where the carrying amount is a reasonable approximation of fair value for example short-term receivables and payables.

The fair value, if disclosed, of financial assets classified as loans and receivables at amortised cost and financial liabilities classified as financial liabilities at amortised cost are classified as level 2 in terms of the fair value hierarchy.

20.4.1 ***Valuation techniques applied and inputs to valuation techniques:***

Financial assets at fair value though profit or loss	**Valuation technique used to determine fair value**	**Description of significant observable inputs used in valuation technique**	**Description of significant unobservable inputs used in valuation technique *(not applicable for level 1)***	**Value of significant unobservable inputs used in valuation technique *(not applicable for level 1)***	**Recurring or non-recurring fair value measurement**
Private equity investments – listed	Quoted market prices	Unadjusted quoted prices in an active market of underlying investments	N/A	N/A	Recurring
Private equity investments – unlisted	Technique used includes amortised cost of loans receivable and independent valuations and cost	Martket-related interest rate	N/A	N/A	Recurring
Hedge fund investments – unlisted	Quoted market prices	The fair value is determined by an independent administrator, based on the quoted market prices of the underlying investments held by the hedge funds	Unobservable inputs are mostly expense accruals of the hedge fund entities that are deducted from the sum of the fair values of net investments held by the hedge funds	N/A	Recurring

20.5 Offsetting financial assets and financial liabilities

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The unlisted hedge fund investments were presented net of loans. The investments made are on a geared basis with permissible loan ratios of up to 100%. The loan agreement against investment in PNF Peregrine Fund states that loan will be settled at the same time as a redemption out of the fund. The hedge fund investments are measured at fair value and the loans are measured at amortised cost.

20.5.1 ***Financial assets subject to offsetting***

	Gross amounts of recognised financial assets R'000	Measurement basis	Gross amounts of recognised financial liabilities offset in the statement of financial position R'000	Net amounts of financial assets presented in the statement of financial position R'000
2016				
Current financial investments	**208 049**	**At fair value**	**(57 199)**	**150 850**
2015				
Current financial investments	216 193	At fair value	(54 141)	162 052

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions are continually evaluated and are based on historical and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The results of estimates and assumptions form the basis of making judgements about the carrying value of assets and liabilities. Actual results may differ from the estimates made.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Fair value measurement and valuation processes

Some of the company's assets are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset, the company uses market-observable data to the extent it is available. The determination of fair value requires estimates and judgements particularly where the inputs to valuations are not market observable, as is the case for many of the company's fair valued assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in note 19.5.

22. RELATED PARTY INFORMATION

22.1 Transactions with an affiliated company

During the course of the year the company, in the ordinary course of business, entered into various transactions with a fellow subsidiary company, Peregrine SA Holdings Proprietary Limited. The total of these transactions charged for the financial year was R376 064 (2015: R359 959).

	2016 **R**	2015 R
Administration fees	**24 558**	19 092
Computer expenses	**177 857**	181 274
Consumables	**3 612**	3 348
Motor vehicle expenses	**7 759**	5 056
Operating expenses	**10 079**	12 052
Parking	**13 932**	12 735
Rent – office	**134 979**	122 950
Rent – photocopier/fax machines	**2 182**	2 127
Telephone – PABX rental	**1 106**	1 325
	376 064	359 959

	2016 R	2015 R
22.2 Transactions with subsidiary companies		
Dividends received – TWF Investments Proprietary Limited	**54 550**	–
Dividends received – Elite Group Two Proprietary Limited	**–**	2 766 545
	54 550	2 766 545

22.3 Private equity fund

The company has a 50% interest in a partnership, Firefly Investments 61, which manages a fund that invests in private equity opportunities.

The investment decisions of the fund are controlled by the directors of the company. The Stellenberg Trust, an entity in which a non-executive director, Mr SA Melnick (non-executive director of the holding company) has an indirect beneficial interest, has co-invested with the company into the fund. The Yachad Family Trust, an entity in which Mr M Yachad (director of the company and of other group companies) has an indirect beneficial interest, has co-invested with the company into the fund. The value of the loan receivable from Firefly Investments 61 as at 31 March 2016 was R399 895 (2015: R278 438).

22.4 Hedge fund investments

The company has invested in hedge funds managed by Peregrine Capital and Peregrine Fund Platform, which are fellow subsidiaries of Sandown Capital.

The unlisted hedge fund investments in Peregrine Capital and Peregrine Fund Platform funds are presented net of loans. The value of the net investment in the funds managed by Peregrine Capital at balance sheet date is R54.2 million (2015: R56.6 million) and Peregrine Fund Platform funds is R96.6 million (2015: R105.4 million). There are loans outstanding against the fund managed by Peregrine Capital at year-end amounting to R57.2 million (2015: R54.1 million). The loan bears interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points. The interest paid for the year on outstanding loans was R3.1 million (2015: R2.6 million). Returns on the investments were R14.4 million for the year (2015: R65.1 million).

22.5 Executive directors

Directors' emoluments and fees are detailed in note 13.

22.6 Loans to/from holding company, subsidiary and affiliated companies

All related party transactions have been concluded on an arm's length basis. For detail on loans to/from the holding company, subsidiaries and affiliated companies, refer to notes 3, 4, 5 and 10.

23. CAPITAL RISK MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern whilst maximising the return to stakeholders through the optimisation of the company's capital structure. In order to achieve a distinct and clearly defined focus on business opportunities and on investment activities the responsibilities and resources for the management of the company's capital are split. Capital allocation decisions take account of the company's solvency and liquidity requirements and its growth and return objectives.

The CEO and executives of PHL are responsible for the management of and allocation of capital to:

- business opportunities with a focus of growing the company through new opportunities and through the expansion of existing businesses, and
- investment activities, primarily investment into hedge funds and on a smaller scale in private equity opportunities.

The PHL board reviews the capital structure on an ongoing basis as required. Decisions to alter the capital structure give consideration to the cost of capital and the risks associated with each class of capital.

24. EVENTS SUBSEQUENT TO REPORTING DATE

There were no significant events subsequent to year-end that would require adjustment to the financial results as currently reported.

25. GOING CONCERN

These financial statements have been prepared on the basis of accounting policies applicable to a going concern.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION FOR THE YEARS ENDED 31 MARCH 2015 AND 31 MARCH 2016

The Directors
Sandown Capital Limited
6A Sandown Valley Crescent
Sandown
Sandton
2196

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF SANDOWN CAPITAL LIMITED ("SANDOWN") FOR THE YEARS ENDED 31 MARCH 2016 AND 2015

The definitions commencing on page 6 of the Pre-listing Statement to which this letter is attached apply, *mutatis mutandis,* to this report.

Introduction

At your request, and for the purposes of the Pre-listing Statement, we have audited the historical financial information of Sandown for the years ended 31 March 2016 and 31 March 2015 presented in the Report of Historical Financial Information of Sandown for the years ended 31 March 2016 and 31 March 2015 (collectively "**Historical Financial Information**").

The Historical Financial Information comprises the statements of financial position, the statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, a summary of significant accounting policies and other explanatory notes (collectively "**the Historical Financial Information**"), as presented in **Annexure 11** to the Pre-listing Circular, in compliance with IFRS and the Listings Requirements.

KPMG Inc. is the independent reporting accountant to Sandown for the two years ended 31 March 2016 and 31 March 2015 and was the auditor to Peregrine Holdings Group for that same period.

Responsibilities of the directors for the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015

The directors of Peregrine ("**Directors**") are responsible for the compilation, contents and preparation of the Pre-listing Statement including the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 in accordance with the Listings Requirements.

The Directors and the directors of Sandown are responsible for the preparation and fair presentation of the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 in accordance with the IFRS and the Listing Requirements, and for such internal control as the Directors and the directors of Sandown determine is necessary to enable the preparation of Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 that is free from material misstatement, whether due to fraud or error.

Independent reporting accountant's responsibilities for the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015

Our responsibility is to express an opinion on the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 based on our audit. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 is free from material misstatement.

Scope of audit

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. The evidence included which we previously obtained in the conduct of our audit of the statutory financial statements of Sandown underlying the Annual Financial Information of Sandown from which the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015 has been derived.

Opinion on the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015

In our opinion, the Historical Financial Information for the years ended 31 March 2016 and 31 March 2015, as set out in **Annexure 11** to the Pre-listing Statement, presents fairly, in all material respects, for the purpose of the Pre-listing Statement the financial position of Sandown as at and for the years ended 31 March 2016 and 31 March 2015 and its financial performance and its cash flows for the periods then ended in accordance with IFRS and the Listings Requirements.

KPMG Inc.

Per: **Heather Berrange**
Chartered Accountant (SA)
Registered Auditor
Director

8 November 2017

PRO FORMA FINANCIAL INFORMATION

The *pro forma* statement of comprehensive income and statement of financial position of Sandown Capital (the "***pro forma* financial information**") has been prepared to illustrate the impact of the restructure and the unbundling (collectively, "**the *pro forma* adjustments**") on the financial information of Sandown Capital and will include the *pro forma* adjustments related to the restructure and listing.

The *pro forma* financial information of Sandown Capital has been prepared on the assumption that the restructure and listing occurred on 1 April 2016 for statement of comprehensive purposes and 31 March 2017 for statement of financial position purposes.

The *pro forma* financial information has been prepared for illustrative purposes only, and because of its nature may not fairly present Sandown Capital's financial position and results of operations.

The *pro forma* financial information is based on the audited historical financial information of Sandown Capital prior to the restructure and unbundling, included as **Annexure 9** to this pre-listing statement.

The *pro forma* financial information has been prepared using accounting policies that comply with IFRS and that are consistent with those applied in the audited financial statements of Sandown Capital for the year ended 31 March 2017.

The *pro forma* financial information is the responsibility of the directors of Sandown Capital.

The reporting accountants' report on the *pro forma* financial information is set out in **Annexure 14**.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

R'000	Audited 31 Mar 17[1]	Transfer of Stenprop shares[2]	Transfer of Rinjani shares[3]	Transfer of Nala PGR's CIL shares[4]	Transfer of SA hedge funds[5]	Transfer of Int. hedge funds[6]	Transfer of PGR treasury shares[7]	Group costs and management fees[8]	*Pro forma* after adjustments 31 Mar 17[9]
Investment income	**31 887**	**(28 806)**	**49 568**	**–**	**55 804**	**18 133**	**(38)**	**–**	**126 548**
– fair value adjustments & related exchange gains	**31 853**	(57 580)	43 249	–	55 804	18 133	(4)	–	**91 455**
– dividends received	**34**	28 774	–	–	–	–	(34)	–	**28 774**
– Other fee related income	–	–	6 319	–	–	–	–	–	**6 319**
Total revenue	**31 887**	**(28 806)**	**49 568**	**–**	**55 804**	**18 133**	**(38)**	**–**	**126 548**
Operating expenses	**(8 643)**	**–**	**(2 727)**	**–**	**(805)**	**–**	**–**	**(9 249)**	**(21 424)**
– Directors' emoluments	**(8 323)**	–	–	–	–	–	–	6 883	**(1 440)**
– Auditors' remuneration	**(368)**	–	–	–	–	–	–	(132)	**(500)**
– Reversal of impairment	**500**	–	–	–	–	–	–	–	**500**
– Investment management fees	**–**	–	–	–	–	–	–	(16 000)	**(16 000)**
– Other	**(452)**	–	(2 727)	–	(805)	–	–	–	**(3 984)**
Profit/(loss) from operations	**23 244**	**(28 806)**	**46 841**	**–**	**54 999**	**18 133**	**(38)**	**(9 249)**	**105 124**
Net interest received	**296**	–	180	–	–	–	–	–	**476**
Loss from associates	**–**	–	–	(25 841)	–	–	–	–	**(25 841)**
Profit/(loss) before taxation	**23 540**	**(28 806)**	**47 021**	**(25 841)**	**54 999**	**18 133**	**(38)**	**(9 249)**	**79 759**
Taxation	**(3 742)**	–	–	–	(1 102)	–	1	2 590	**(2 253)**
Profit/(loss) for the year	**19 798**	**(28 806)**	**47 021**	**(25 841)**	**53 897**	**18 133**	**(37)**	**(6 659)**	**77 506**
Non-controlling interests	**–**	–	(9 682)	–	–	–	–	–	**(9 682)**
Profit/(loss) attributable to equity holders	**19 798**	**(28 806)**	**37 339**	**(25 841)**	**53 897**	**18 133**	**(37)**	**(6 659)**	**67 824**
Adjustments for headline earnings:	**–**	–	–	–	–	–	–	–	**–**
Headline earnings/(loss) for the year	**19 798**	**(28 806)**	**37 339**	**(25 841)**	**53 897**	**18 133**	**(37)**	**(6 659)**	**67 824**
Shares in issue	**2 000**								**226 065 696**
Earnings per share (cents)	**990 000**								**30.00**
Headline earnings per share (cents)	**990 000**								**30.00**
Dividend per share (cents)	**650 000**								**5.75**

R'000	Audited 31 Mar 17[1]	Transfer of Stenprop shares[2]	Transfer of Rinjani shares[3]	Transfer of Nala PGR's CIL shares[4]	Transfer of SA hedge funds[5]	Transfer of Int. hedge funds[6]	Transfer of PGR treasury shares[7]	Group costs and management fees[8]	*Pro forma* after adjustments 31 Mar 17[9]
Profit/(loss) for the year	**19 798**	**(28 806)**	**47 021**	**(25 841)**	**53 897**	**18 133**	(37)	**(6 659)**	**77 506**
Other comprehensive loss for the year (net of tax)									
Items that may be reclassified subsequently to profit or loss:									
– Currency translation adjustments [10]	–	(103 137)	(24 277)	–	–	(28 249)	–	–	**(155 663)**
Total comprehensive income/(loss) for the year	**19 798**	**(131 943)**	**22 744**	**(25 841)**	**53 897**	**(10 116)**	**(37)**	**(6 659)**	**(78 157)**
– Attributable to equity holders	**19 798**	(131 943)	18 061	(25 841)	53 897	(10 116)	(37)	(6 659)	**(82 840)**
– Attributable to non-controlling interests	**–**	–	4 683	–	–	–	–	–	**4 683**

Notes to the *pro forma* statement of comprehensive income of Sandown Capital for the year ended 31 March 2017

1. The first column presents the historical financial information relating to Sandown Capital prior to the restructuring, which has been extracted from the audited historical financial information of Sandown Capital for the year ended 31 March 2017, as presented in the historical financial information of Sandown Capital prior to the restructuring (**Annexure 9**) of this pre-listing statement.
2. Includes the fair value adjustment, relating to the change in fair value of the investment over the period derived from the change in Stenprop's share price, with respect to the 20 220 468 Stenprop shares, which shares were transferred to Sandown Capital in terms of the disposal agreement between SCIL and Peregrine Guernsey Limited, and the disposal agreement between SCIL and Stenham Group Limited, both dated 2 October 2017, together with dividends received thereon. The unadjusted historical income , prepared in the presentational currency of Sandown Capital Limited, has been derived from the unpublished management accounts of Stenham Group Limited, whose functional currency is sterling and Peregrine Guernsey Limited, whose functional currency is dollars. The unadjusted historical income has been adjusted in the *pro forma* statement of comprehensive income to present and disclose the foreign exchange translation effects pertaining to the Stenprop shares, whose functional currency is sterling and to reverse the interest previously held by non-controlling shareholders in these investments. Post the restructure, there is no non-controlling interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
3. Includes the consolidation of the income and expenses of Rinjani Limited, together with the 20.59% non-controlling interest thereon, which shares were transferred to Sandown Capital in terms of the exchange agreement between SCIL and Stenham Group Limited, dated 2 October 2017. The unadjusted historical income has been derived from the unpublished management accounts of Rinjani Limited. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
4. Includes the group's 30% equity accounted associate interest in Nala Empowerment Investment Company Proprietary Limited ("**Nala**"), incorporating Sandown Capital's share of the fair value adjustment on Nala's 15 060 112 Consolidated Infrastructure Group Limited shares, and interest payable on the vendor loan due to Nala PGR Proprietary Limited ("**Nala PGR**"). Sandown Capital subscribed for 30% of Nala in terms of the subscription agreement dated 28 September 2017, following which Nala acquired the CIL shares and related deferred tax liability, which acquisition was financed by way of a vendor loan, in terms of the disposal agreement between Nala and Nala PGR dated 2 October 2017. The unadjusted historical income has been derived from the unpublished management accounts of Nala PGR. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
5. Includes the fair value adjustments and realised gains, together with the tax liability thereon, for the SA hedge fund investments transferred to Sandown Capital in terms of the disposal agreement between Peregrine SA Holdings Proprietary Limited and Sandown Capital, dated 2 October 2017 as part of the restructure. The unadjusted historical income has been derived from the unpublished management accounts of Peregrine SA Holdings. The unadjusted historical income has been adjusted in the *pro forma* statement of comprehensive income to reverse the interest previously held by Nala PGR in these investments. Post the restructure Nala PGR has no controlling interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
6. Includes the fair value adjustments for the offshore hedge fund investments transferred to Sandown Capital in terms of the disposal agreement between Stenham Limited and SCIL, dated 2 October 2017. The unadjusted historical income has been derived from the unpublished management accounts of Stenham Limited. The unadjusted historical income has been adjusted in the *pro forma* statement of comprehensive income to reverse the interest previously held by non-controlling shareholders in these investments. Post the restructure, there is no non-controlling interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
7. Eliminating the fair value adjustment, together with the deferred tax thereon, with respect to the Peregrine treasury shares, previously held by Sandown Capital, and which were subsequently transferred to Peregrine in terms of the disposal agreement between Peregrine SA Holdings Proprietary Limited and Sandown Capital, dated 29 September 2017.
8. The group costs and management fees reflect the change from an internally managed to an externally managed investment structure, as well as an estimate of the additional corporate governance and administrative costs attributable to Sandown Capital becoming a JSE-listed entity, net of tax thereon.
9. The final column presents the *pro forma* statement of comprehensive income of Sandown Capital after the adjustments detailed in columns 2 to 8. The increase in number of shares from 2 000 shares to 226 065 696 is as a result of new shares being issued in terms of the unbundling in order to distribute 100% of the issued share capital to Peregrine shareholders in the ratio of one Sandown Capital share for every one Peregrine Holdings share held at close of business on the unbundling record date.
10. Represents the translation to Rands, at the foreign exchange rates ruling as at 31 March 2017, of Sandown Capital's foreign operations, SCIL and Rinjani Limited, whose functional currency is Sterling. Currency translation adjustments may be reclassified subsequently to profit or loss on disposal of the foreign operation.
11. All of the above adjustments are expected to have a continuing effect on Sandown Capital.

PRO FORMA STATEMENT OF FINANCIAL POSITION

R'000	Audited 31 Mar 17[1]	Transfer of Stenprop shares[2]	Transfer of Rinjani shares[3]	Transfer of Nala's CIL shares[4]	Transfer of SA hedge funds[5]	Transfer of Int. hedge funds, liquid assets and surplus cash[6]	Sundry other adjustments[7]	Provision for restructure and listing exp.[8]	*Pro forma* after adjustments[9]
ASSETS									
Non-current assets	**2 346**	**363 024**	**91 321**	**–**	**–**	**–**	**(595)**	**–**	**456 096**
Financial investments – SA	**2 346**	–	–	–	–	–	(595)	–	**1 751**
Financial investments – Offshore	–	363 024	80 986						**444 010**
Investment in equity accounted investees	–	–	10 335	–	–	–	–	–	**10 335**
Current assets	**176 445**	**–**	**38 787**	**–**	**354 370**	**273 809**	**(926)**	**–**	**842 485**
Financial investments – SA	**169 048**	–	–	–	354 370	–	(5 348)	–	**518 070**
Financial investments – Offshore	–	–	9 089	–	–	118 725	–	–	**127 814**
Loans to affiliated company	**564**	–	–	–	–	–	–	–	**564**
Trade and other receivables	**218**	–	24 758	–	–	–	–	–	**24 976**
Taxation	**6 172**	–	–	–	–	–	(78)	–	**6 094**
Cash and cash equivalents	**443**	–	4 940	–	–	155 084	4 500	–	**164 967**
Total assets	**178 791**	**363 024**	**130 108**	**–**	**354 370**	**273 809**	**(1 521)**	**–**	**1 298 581**
EQUITY AND LIABILITIES						–			
Equity	**164 868**	**363 024**	**120 342**	**–**	**214 697**	**273 809**	**(2 279)**	**(11 500)**	**1 122 961**
Equity attributable to holders of the company	**164 868**	**363 024**	**95 564**	**–**	**214 697**	**273 809**	**(2 279)**	**(11 500)**	**1 098 183**
Share capital	**127 373**	363 024	95 564	–	214 697	273 809	–	(11 500)	**1 062 967**
Accumulated profits	**37 495**	–	–	–	–	–	(2 279)	–	**35 216**
Non-controlling interests	–	–	24 778	–	–	–	–	–	**24 778**
Non-current liabilities	**1 386**	**–**	**–**	**–**	**–**	**–**	**901**	**–**	**2 287**
Loans and other payables	–	–	–	–	–	–	–	–	**–**
Deferred taxation	**1 386**	–	–	–	–	–	901	–	**2 287**

R'000	Audited 31 Mar 17[1]	Transfer of Stenprop shares[2]	Transfer of Rinjani shares[3]	Transfer of Nala's CIL shares[4]	Transfer of SA hedge funds[5]	Transfer of Int. hedge funds, liquid assets and surplus cash[6]	Sundry other adjustments[7]	Provision for restructure and listing exp.[8]	*Pro forma* after adjustments[9]
Current liabilities	**12 537**	**–**	**9 766**	**–**	**139 673**	**–**	**(143)**	**11 500**	**173 333**
Loan from affiliate company	**9 234**	–	–	–	139 673	–	–	–	**148 907**
Trade and other payables	**3 303**	–	9 766	–	–	–	(143)	–	**12 926**
Prov. for Restruct./Listing exp.	**–**	–	–	–	–	–	–	11 500	**11 500**
Total equity and liabilities	**178 791**	**363 024**	**130 108**	**–**	**354 370**	**273 809**	**(1 521)**	**–**	**1 298 581**
Shares in issue	**2 000**								**226 065 696**
NAV per share (cents)	**8 243 406**								**486**
TNAV per share (cents)	**8 243 406**								**486**

Notes and assumptions

1. The first column presents the historical financial information relating to Sandown Capital prior to the restructuring, which has been extracted from the audited historical financial information of Sandown Capital for the year ended 31 March 2017, as presented in the historical financial information of Sandown Capital prior to the restructuring in **Annexure 9** of this pre-listing statement.
2. Represents the market value as at 31 March 2017 of 20 220 468 Stenprop Limited shares transferred to SCIL in terms of the disposal agreement between SCIL and Peregrine Guernsey Limited, and the disposal agreement between SCIL and Stenham Group Limited, both dated 2 October 2017. The unadjusted historical position has been derived from the unpublished management accounts of Stenham Group Limited and Peregrine Guernsey. The unadjusted historical position has been adjusted in the *pro forma* statement of financial position to reverse the interest previously held by non-controlling shareholders in these investments. Post the restructure, there is no non-controlling interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
3. Represents the consolidation of the offshore property investment subsidiary, Rinjani Holdings Limited, as at 31 March 2017 together with the 20.59% non-controlling interest thereon, transferred to SCIL in terms of the exchange agreement between SCIL and Stenham Group Limited, dated 2 October 2017. The unadjusted historical income has been derived from the unpublished management accounts of Rinjani Holdings Limited. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
4. Represents Sandown Capital's 30% associate interest in Nala Empowerment Investment Company Proprietary Limited ("**Nala**") Sandown Capital subscribed for 30% of Nala in terms of the subscription agreement dated 28 September 2017, following which Nala acquired 15 060 112 shares in Consolidated Infrastructure Group Limited ("**CIL**") at a value of R197 403 430 and a related deferred tax liability of R2 838 662, which acquisition was financed by way of a vendor loan of R194 564 768, in terms of the disposal agreement between Nala and Nala Proprietary Limited ("**Nala PGR**") dated 2 October 2017. As at the date of the acquisition, the net asset value of Nala was nil, with the value of the CIL shares equal to the sum of the vendor loan payable to Nala PGR and the related deferred tax liability. The unadjusted historical income has been derived from the unpublished management accounts of Nala PGR. Although the resultant impact is nil, the unadjusted historical position has been adjusted in the *pro forma* statement of financial position to replace the existing loan funding recognised by Nala PGR on the CIL shares with the vendor loan. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
5. Represents the market value as at 31 March 2017 of a collection of investments in transferrable securities and other liquid financial assets transferred to Sandown Capital in terms of the disposal agreement between Sandown Capital and Peregrine SA Holdings Proprietary Limited, dated 2 October 2017. The acquisition was financed by a short-term loan agreement with Peregrine SA Holdings Proprietary Limited, which was partially settled through the subscription of shares referred to in note 9. The unadjusted historical income has been derived from the unpublished management accounts of Peregrine SA Holdings. The unadjusted historical position has been adjusted in the *pro forma* statement of financial position to reverse the interest previously held by Nala PGR in these investments, to reflect an agreed portion of the investments not transferred to Sandown Capital, to reverse the deferred tax liability as no roll over relief has been exercised and to show the short-term loan arising from the acquisition. Post the restructure, Nala PGR has no interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
6. Represents the market value as at 31 March 2017 of a collection of investments in transferrable securities and other liquid financial assets and Stenham Limited's surplus cash, transferred to SCIL in terms of the disposal agreements between SCIL and Stenham Group Limited and Stenham Limited respectively of £9.4 million, dated 2 October 2017. The unadjusted historical income has been derived from the unpublished management accounts of Stenham Limited. The unadjusted position has been adjusted in the *pro forma* statement of financial position to reverse the interest previously held by Stenham Group Limited non-controlling shareholders in these investments. Post the restructure, there is no non-controlling interest in these investments. Deloitte have issued an unqualified audit report on this information which is available for inspection in terms of paragraph 28 of this pre-listing statement.
7. Represents the disposal of sundry investments previously held by Sandown Capital to Peregrine as part of the restructuring. These disposals primarily include 21 668 shares in Peregrine Holdings Limited and all claims which Sandown Capital has against the Elite Group Proprietary Limited.
8. Represents the provision for legal, tax and related advisory services relating to the restructure and listing of Sandown Capital Limited.
9. The final column presents the *pro forma* statement of financial position of Sandown Capital after the adjustments detailed in columns 2 to 8. The increase in number of shares from 2 000 shares to 226 065 696 is as a result of new shares issued in terms of the unbundling in order to distribute 100% of the issued share capital to Peregrine shareholders in the ratio of one Sandown Capital share for every one Peregrine Holdings share held at close of business on the unbundling record date.
10. There are no other post balance sheet events which require adjustment to the *pro forma* financial information.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Sandown Capital Limited
6A Sandown Valley Crescent
Sandown
Sandton
2196

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION INCLUDED IN A PRE-LISTING STATEMENT

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Sandown Capital Proprietary Limited by the directors. The *pro forma* financial information, as set out in **Annexure 13** of the pre-listing statement, to be dated on or about 14 November 2017, consists of *pro forma* statement of comprehensive income and a *pro forma* statement of financial position and related notes to *the pro forma* financial information. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the events, described in section 1, paragraph 3 of the pre-listing circular, on the company's financial position as at 31 March 2017, and the company's financial performance for the period then ended, as if the events had taken place at 1 April 2016, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 31 March 2017, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial statements for the period ended 31 March 2017, on which an unmodified audit opinion was issued on 25 August 2017.

Directors' responsibility for the *pro forma* financial information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 13** of the pre-listing statement.

Quality control

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Independence and other ethical requirements

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus <which is applicable to an engagement of this nature>*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2017 would have been as presented.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 13** of the pre-listing statement.

Deloitte & Touche
Registered Auditor

Per: **Lito Nunes**
Partner

8 November 2017

Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

MATERIAL LOANS AND BORROWINGS

1. MATERIAL LOANS PAYABLE BY THE GROUP

As at the last practicable date, the following material loans to the Sandown Capital group remained outstanding:

No	Loan facility and ownership	Description and origination	Lender	Outstanding amount (ZAR)	Interest rate	Terms and conditions of repayment and renewal	Maturity date	Security provided
1	Sandown Capital	Arising on acquisition of assets in terms of the restructure agreements	Peregrine SA Holdings Proprietary Limited	134 000 000	One month JIBAR plus 250 basis points, payable monthly in arrears	Interest payable monthly in arrears from 31 October 2017; capital to be repaid no later than 31 March 2018*	31 March 2018	None

**The above loan will be refinanced on or before 31 March 2018, failing which the loan will be settled through the redemption of liquid investments.*

2. MATERIAL LOANS RECEIVABLE BY THE GROUP

As at the last practicable date, there are no material loans made by the Sandown Capital group that remained outstanding.

CORPORATE GOVERNANCE STATEMENT

The board recognises the importance of sound corporate governance and endorses and monitors compliance with the King IV. The board confirms that the company will, from the date of the listing, be compliant with the provisions of King IV in all material respects.

The directors recognise that, through good governance, the company will realise an ethical culture, good performance, effective control and legitimacy. The directors in particular recognise the need to manage the group with integrity and to provide effective leadership based on an ethical foundation. This includes timely, relevant and meaningful reporting to shareholders and other stakeholders, that provide a proper and objective overview on the company and its activities, directing the strategy and operations of the group with the intention of building a sustainable business, and considering the short and long-term impact of this strategy on the economy, society and the environment. The board will ensure that the group is a responsible corporate citizen through the corporate governance policies detailed below.

BOARD OF DIRECTORS

The board comprises four non-executive directors (three of whom are independent) and two executive directors. The roles of chairman and CEO are clearly defined to ensure a balance of power. The board's main functions include:

– adopting strategic plans and ensuring they are carried out by management;
– considering and approving major issues, including acquisitions, disposals and reporting; monitoring Sandown Capital's operational performance, and
– overseeing the effectiveness of the internal controls designed to ensure that assets are safeguarded, proper accounting records are maintained and that the financial information on which business decisions are made and which is issued for publication is reliable.

The directors' varied backgrounds and experience provide Sandown Capital with an appropriate mix of knowledge and expertise that is necessary to manage the business effectively. Furthermore, a clear division of responsibilities at board level will ensure a balance of power and authority, so that no individual can take unilateral decisions. The board aims to meet formally at least quarterly. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

The board has constituted the following committees:

1. REMUNERATION AND NOMINATION COMMITTEE

Members: Duncan Randall (Chair), Andrew Hannington and Mandy Yachad

The remuneration and nomination committee assesses and recommends to the board the remuneration and incentivisation of the company's directors and oversees the process for nominating, electing and appointing members of the board, succession planning for directors and the evaluation of the performance of the board.

The remuneration and nomination committee will meet at least twice per financial year. *Ad hoc* meetings are held to consider special business, as required. The chief executive officer attends meetings of the remuneration and nomination committee, or part thereof, if needed to contribute pertinent insights and information.

2. AUDIT AND RISK COMMITTEE

Members: Andrew Hannington (Chair), Duncan Randall and Lawrie Brozin

The audit and risk committee (the "**committee**"), comprising three non-executive directors (all of whom are independent), meets at least three times a year and is primarily responsible for:

– providing independent oversight of among others, the effectiveness of the company's assurance functions and services, with particular focus on combined assurance arrangements, external assurance service providers, internal audit and the finance function, as well as the integrity of the annual financial statements and external reports issued by the company. The committee adopts a model that incorporates and optimises all assurance services and functions so that, taken as a whole, an effective control environment is achieved, the integrity of information used for internal decision-making by management, the board and its committees is supported, and the integrity of external reports is supported. The committee further oversees that this combined assurance model is implemented so as to effectively cover the company's significant risks and material matters; and

- developing a risk management policy and monitoring its implementation. The group's risk management policies identify and analyse group risks, set appropriate limits and controls and monitor risks and adherence to limits. The directors have overall responsibility for the group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure. Therefore, internal controls provide reasonable, but not absolute, assurance against material misstatement or loss. The implementation and operation of these systems is the responsibility of management and processes are communicated regularly to employees informing them of their responsibilities. Systems include strategic planning, appointment of qualified staff, regular reporting and monitoring of performance and effective control over investments. Internal financial control is appropriate for the size and activities of the group. Significant risks identified are communicated to the board, together with the recommended actions.

The CFO may attend committee meetings by invitation. The committee ensures that the group's financial performance is being properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, internal control systems and procedures, and accounting policies. All members of the board should have adequate financial literacy skills. The committee further oversees the management of financial and other risks that affect the integrity of external reports issued by the company and monitors whether the group's assurance model is effective and sufficiently robust to ensure that the board is able to place reliance on the assurance underlying statements that the board makes concerning the integrity of the group's external reports. Internal financial controls are based on comprehensive and regular reporting. Detailed revenue, cash flow and capital forecasts are prepared and updated throughout the year, and approved by the board.

The board will approve an internal audit charter that defines the role and associated responsibilities and authority of internal audit on an annual basis. The committee is satisfied that arrangements for internal audit provide for the necessary skills and resources to address the complexity and volume of risk faced by the organisation, and will supplement internal audit as required. The committee monitors on an ongoing basis that internal audit follows an approved risk-based internal audit plan, reviews the organisational risk profile and proposes adaptations to the internal audit plan accordingly.

The committee oversees and makes recommendations to the board regarding the appointment, re-appointment and removal of the independent external auditor. In assessing the suitability for appointment of a current or prospective audit firm and designated individual auditor, the committee will (unless unlawful) request and consider:

(i) the decision letter and findings report of the inspection performed by the professional/regulatory body for auditors in the relevant jurisdiction, on both the audit firm and the designated individual auditor;

(ii) the findings report of the internal engagement monitoring inspection performed by the audit firm on their designated individual auditor; and

(iii) the outcome and details of any legal or disciplinary proceedings instituted by any professional body of which they are a member or regulatory body to whom they are accountable.

The committee ensures the scope of the auditor's work is sufficient and that they are fairly remunerated. In accordance with company policy, the committee also supervises the appointment of the auditor for non-audit services and reviews external audit plans and the results of their work. The committee meets with the external auditor at least annually to facilitate an exchange of views and concerns that may not be appropriate for discussion in an open forum, as well as to discuss and review the accounts and audit procedures.

The board has concluded that committee members have the necessary financial literacy, skills and experience to execute their duties effectively and make worthwhile contributions to the committee's deliberations. Additionally, the Chair has the requisite accounting and financial management experience. The committee has considered and found the expertise and experience of the CFO appropriate for the position. In order to fulfil its responsibility of monitoring the integrity of financial reports issued to shareholders, the committee will review the accounting principles, policies and practices adopted during the preparation of financial information and examine documentation relating to any Annual Reports and interim financial statements of the company. The clarity of disclosures included in financial statements will also be reviewed by the committee, as well as the basis for significant estimates and judgements.

The committee meets at least three times a year. *Ad hoc* meetings are held to consider special business, as required. The chief executive officer and/or other executive directors attend meetings of the committee, or part thereof, if needed to contribute pertinent insights and information.

3. SOCIAL AND ETHICS COMMITTEE

Members: Andrew Hannington (Chair), Mandy Yachad and Duncan Randall

The social and ethics committee oversees and reports on the group's organisational ethics, responsible corporate citizenship (including the promotion of equality, prevention of unfair discrimination, the environment, health and public safety, including the impact of the company's activities and of its products or services), sustainable development and stakeholder relationships. The social and ethics committee draws to the attention of the board matters within its mandate as occasion requires and reports to shareholders at the company's annual general meeting.

The social and ethics committee meets a minimum of twice per financial year. *Ad hoc* meetings are held to consider special business, as required.

4. APPOINTMENT OF DIRECTORS

Directors are appointed by the board or at the company's annual general meeting ("**AGM**"). Board appointed directors need to be re-appointed by the shareholders at the subsequent AGM. The longest serving third of the directors must be re-appointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the remuneration and nomination committee.

5. DIRECTORS' DEALINGS

Dealing in company securities by directors, their associates, and company officials is regulated and monitored in accordance with the JSE Listings Requirements and the requirements on any other stock exchange on which the company is listed from time to time. Sandown Capital will maintain a closed period from the end of a financial period to publication of the financial results.

6. INSIDER TRADING

The group prohibits all directors and employees from using confidential information, not generally known or available to the public, for personal gain.

7. EMPLOYEES

The executive directors of the company are employed by Sandown Management. As such, the company itself does not have any employees.

8. GOVERNMENT

The group seeks to build and manage a sound relationship with governmental authorities on an arm's length basis. No attempts to improperly influence governmental decisions by offering, paying, soliciting, or accepting bribes, in any shape or form are tolerated.

9. SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

The group is an integral part of the community in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Sandown Capital therefore is dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

10. KING IV

So as to allow shareholders to make an informed assessment of the quality of governance insofar as the application of each of the 17 principles of King IV is concerned, set out below is a narrative explanation of the company's application of each principle.

10.1 The board of directors should lead ethically and effectively

Sandown Capital is committed to ethical behaviour throughout its business, adopting the principles of integrity, competence, responsibility, accountability, fairness and transparency in order to offer effective leadership that achieves the group's strategic objectives and positive outcomes over time. The directors of the company are required to individually and collectively exhibit the following characteristics in their conduct.

10.1.1 *Integrity*

Individuals are responsible for their own ethical behaviour, and are expected to act, at all times and in all ways, in good faith and in the best interests of the company, and ethical behaviour beyond mere legal compliance is encouraged. A conflict of interest arises whenever there is a direct or indirect conflict, in fact or in appearance, between the interests of an individual and that of the company or where an individual's position or responsibilities present an opportunity for personal gain inconsistent with the group's best interest. Conflicts of interest should be avoided. If and when a conflict of interest does arise, the company's compliance officer is to be notified immediately, such that it can be proactively managed. A dedicated compliance register is regularly updated and submitted to the board for review and approval.

10.1.2 ***Competence***

Directors are required to take steps to ensure that they have sufficient working knowledge of the company, its industry, the context of the economy, society and environment in which it operates, the capitals (financial, manufactured, intellectual, human, social sand relationship) it uses and affects as well as of the key laws, rules, codes, and standards applicable to the group. Directors must act with due care, skill and diligence, and take reasonably diligent steps to become informed about matters for decision. Directors are also required to continuously develop their competence to lead effectively.

10.1.3 ***Responsibility***

Directors of the company assume collective responsibility for steering and setting the direction of the group; approving policy and planning; overseeing and monitoring of implementation and execution by management; and ensuring accountability for organisational performance. Directors are also responsible for anticipating, preventing and otherwise ameliorating the negative outcomes of the organisation's activities and outputs on the context of the economy, society and environment in which it operates, and the capitals (financial, manufactured, intellectual, human, social and relationship) that it uses and affects.

Risks are taken and opportunities sought in a responsible manner and in the best interests of the company. Directors attend board meetings and board committee meetings and devote sufficient time and effort to prepare for those meetings.

10.1.4 ***Accountability***

Directors are willing to answer for the execution of their responsibilities, even when these were delegated.

10.1.5 ***Fairness***

Directors adopt a stakeholder-inclusive approach in the execution of their governance role and responsibilities, and the company is directed in a way that does not adversely affect the natural environment, society or future generations.

10.1.6 ***Transparency***

Directors are transparent in the manner in which they exercise their governance role and responsibilities.

10.2 **The board of directors should govern the ethics of the company in a way that supports the establishment of an ethical culture**

The directors of the company recognise that they are ultimately responsible for the governance of ethics within the group, and for setting the direction for how ethics are approached and addressed, and that it is their role to set the tone for an ethical organisational culture where the above characteristics are cultivated across the business and adopted by all employees. For this purpose, the company will adopt a code of conduct and ethics policy to provide for arrangements that familiarise employees and other stakeholders with the company's ethical standards.

The group maintains the highest ethical standard and complies with all applicable legislation, rules, and regulations. The group's continued success depends on employing the most qualified people and establishing a working environment free from discrimination, harassment, intimidation or coercion based on race, religion, gender, age, nationality or disability.

The board has delegated the responsibility for implementation and execution of the codes of conduct and ethics policies to management, however exercises ongoing oversight of the management of ethics.

10.3 **The board of directors should ensure that the company is and is seen to be a responsible corporate citizen**

The company's core purpose and values, strategy and conduct are consistent with it being a responsible corporate citizen in all markets in which it conducts business, and the strategy and operations of the group are intended to build a sustainable business that is considerate of the short and long-term impact on the economy, society and the environment.

It is recognised that the group is an integral part of the communities in which it operates and is committed to building sound relationships, based on trust, honesty, and fairness. Not only is environmental compliance legally obligatory, but it is also an important component of the group's commitment to the community and developing its good reputation. Sandown Capital is therefore dedicated to minimising the environmental impact of its activities by reducing waste, emissions and discharges, and using energy efficiently.

The board of directors is responsible for ensuring the company's corporate citizenship on an ongoing basis and sets the direction for how the achievement of this corporate citizenship is to be approached and addressed, ensuring that the company's efforts in this regard are in compliance with all applicable laws, leading standards and its own codes of conduct and policies. The oversight and monitoring of the company's corporate citizenship is performed against measures and targets agreed with management in terms of the workplace, the economy, society and the environment.

10.4 **The board of directors should appreciate that the company's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process**

Responsibility for the organisation performance of the company lies with the board of directors, who steer and set the direction of the group for the realisation of its core purpose and values through its strategy. The formulation and development of the group's short, medium and long-term strategy, including policies and operational plans to give effect to this strategy, has been delegated to management, for approval by the board of directors. Actual implementation and execution of approved policies and operational plans has also been delegated to management, with ongoing oversight against agreed performance measures and targets.

10.5 **The board of directors should ensure that reports issued by the company enable stakeholders to make informed assessments of the company's performance and its short, medium and long-term prospects**

The board of directors approves management's determination of the group's reporting frameworks and reporting standards to be used, taking into account legal requirements and the intended audience and purpose of each report. In particular, the board oversees that annual financial statements, sustainability reports, social and ethics committee reports and other information or reports that are issued comply with legal requirements and meet the legitimate and reasonable information needs of material stakeholders.

The board accepts its accountability to shareholders for the group's performance and activities. Sandown Capital communicates with shareholders principally through [its website], Annual Report and announcements. The annual general meeting and any other general meetings give the directors the opportunity to inform shareholders about current, and proposed, operations and enables them to express their views on business activities.

The board of directors also ensures the integrity of external reports.

10.6 **The board of directors should serve as the focal point and custodian of corporate governance in the company**

The board of directors exercises its leadership role by:

10.6.1 steering the organisation and setting its strategic direction;

10.6.2 approving policy and planning that gives effect to the direction provided;

10.6.3 overseeing and monitoring implementation and execution by management; and

10.6.4 ensuring accountability for organisational performance by means of, amongst others, reporting and disclosure.

The roles, responsibilities, membership requirements and procedural conduct of the board of directors are documented in the board charter, which is regularly reviewed in order to guide its effective functioning.

The board aims to meet formally at least quarterly. There are no external advisors who will regularly attend, or be invited to attend, board committee meetings. Company policies and procedures will be adopted by all subsidiaries.

The board is confident that the group has established an effective framework and processes for compliance with laws, codes, rules and standards.

10.7 **The board of directors should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively**

The board of directors comprises a majority of non-executive directors, all of which are independent. There are two executive directors, being the chief executive officer and the chief financial officer, ensuring multiple points of direct interaction with management.

Lawrie Brozin is the independent chairman of the board of the company and leads the board of directors in the objective and effective discharge of its governance roles and responsibilities.

The board of directors will at all times maintain an appropriate balance of power, skills and experience (including business, commercial and industry experience), diversity and independence to objectively and effectively discharge its governance role and responsibilities. In determining the make-up of the board of directors, factors considered include the appropriate mix of executive, non-executive and independent non-executive directors, regulatory requirements, and diversity targets.

The board of directors promotes diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance. The group supports the principles of race and gender diversity at board level and has a race and gender diversity policy in place. No voluntary target has yet been set, however, the board will annually review the composition of the board taking into account the balance of skills, experience, background, culture, race and gender of board members. The board will continuously evaluate the progress and the effect of the efforts made in promoting diversity on the board and will continually evaluate the criteria for nomination and appointment of directors on the board.

10.7.1 ***Nomination, election and appointment of directors***

Directors are appointed by the board or at the company's annual general meeting ("**AGM**"), with board appointed directors re-appointed by shareholders at the company's next AGM. The longest serving third of the directors must be re-appointed by the shareholders annually. Board appointments are conducted in a formal and transparent manner by the entire board following recommendations made by the remuneration and nomination committee.

10.7.2 ***Independence and conflicts***

Each director is required to submit to the board a declaration of all financial, economic and other interests held by that director and related parties at least annually, or whenever there are significant changes.

Directors are required to declare whether any of them has any conflict of interest in respect of any matter on the agenda of any meeting of the board or board committee. Conflicts of interest are managed as set out under Principle 1 above.

10.8 **The board of directors should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties**

The board has delegated particular roles and responsibilities to the committees set out below, each of which has the collective knowledge, skills, experience and capacity to execute its duties effectively. Such delegation is subject to formal terms of reference that are approved and renewed annually by the board. The delegation by the board of directors of its responsibilities to any committee does not by or of itself constitute a discharge of the board's accountability, and the board will continue to apply its collective mind to the information, opinions, recommendations, reports and statements presented by any committee or director.

Executive directors and senior management will be invited to attend committee meetings on an *ad hoc* basis to provide pertinent information and insights in their areas of responsibility. Every director is entitled to attend any committee meeting as an observer.

10.9 **The board of directors should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness**

The board is responsible for evaluating its own performance, that of its committees, chair and individual members, and determines how such evaluation is to be approached and conducted in terms of a formal process undertaken at least every two years where performance is considered, reflected on and discussed so as to ensure that performance and effectiveness is always improving.

Andrew Hannington has been appointed to lead the evaluation of the chairman's performance.

10.10 **The board of directors should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibility**

The board has appointed Sean Melnick as chief executive officer, to be responsible for leading the implementation and execution of the group's approved strategy, policy and operational planning, and to serve as a link between management and the board. The chief executive officer is accountable and reports to the board of directors.

The board has access to professional and independent guidance on corporate governance and its legal duties, as well as support to coordinate the functioning of the board and its committees. All directors have access to the advice of the company secretary, who provides professional corporate governance services and guidance to the board and to individual members regarding how to properly discharge their responsibilities. The board has considered and endorsed the company secretary's ability to perform his duties, including his qualifications, experience, competence, effectiveness, gravitas and objectivity, and will continue to do so on an annual basis. While the company secretary has unfettered access to the board, the directors have concluded that the relationship with the company secretary, who is not be a member of the board of directors and who is not involved in the day to day management of the company, is at arm's length and that there is no conflict of interests. The board is also satisfied that the office of the company secretary is empowered and carries the necessary authority.

The company secretary reports to management on all duties performed and administrative matters.

The direction and parameters for the powers of the board of directors, and those delegated to management via the chief executive officer, including a delegation of authority framework that contributes to role clarity and the effective exercise of authority and responsibilities, are set out in a board charter. The board is responsible for ensuring that key management functions are headed by an individual with the necessary competence and authority and adequately resourced.

While there is currently no succession planning in place, succession planning for the chief executive officer position, executive management and other key positions is reviewed by the board of directors periodically, providing for succession in emergency situations and continuity of leadership over the longer term. The performance of the chief executive officer is formally evaluated against agreed performance measures and targets at least annually.

The chief executive officer does not have any other professional commitments or membership of governing bodies outside of the group.

10.11 **The board of directors should govern risk in a way that supports the company in setting and achieving its strategic objectives**

The company treats risk as integral to the way it makes decisions and executes its duties. The group's risk governance encompasses both the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on the achievement of its organisational objectives. While the board exercises ongoing oversight of risk management, the group's risk governance function is delegated to the audit and risk committee on the terms of reference set out above, with the responsibility for implementing and executing effective risk management delegated to management.

10.12 **The board of directors should govern technology and information in a way that supports the company setting and achieving its strategic objectives**

The board is responsible for the governance and ongoing oversight of technology and information and the management thereof, and confirms that processes exist ensuring timely, relevant, accurate and accessible reporting, communication and data storage. Management is in turn responsible for implementing and executing effective technology and information management.

10.13 **The board of directors should govern compliance with applicable law and adopted, non-binding rules, codes and standards in a way that supports the company being ethical and a good corporate citizen**

Compliance with applicable laws and adopted non-binding rules, codes and standards is the responsibility of the board. Management is in turn responsible for implementing and executing effective compliance management. Where the group incurs material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations, this will be disclosed to shareholders.

10.14 **The board of directors should ensure that the company remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objects and positive outcomes in the short, medium and long-term**

The board has adopted and oversees the implementation and execution of a policy that articulates and gives effect to fair, responsible and transparent remuneration across the group. Responsibility for the governance of remuneration has been delegated to the remuneration and nomination committee, on the terms of reference set out above. Remuneration policy is aligned with the group's strategic objective of creating long-term sustainable value for shareholders. Directors receive base pay only. Executive salaries are competitive and increases are determined by reference to individual performance, inflation and market-related factors.

The remuneration policy and implementation report will be table every year for separate non-binding advisory notes by shareholders at the AGM. The remuneration policy will record the measures that the board of directors commits to take in the event that either the remuneration policy or implementation report, or both, are voted against by shareholders exercising 25% or more of the votes exercised. In order to give effect to the minimum measures referred to in the King Code, in the event that either the remuneration policy or the implementation report, or both, are voted against by shareholders exercising 25% or more of voting rights exercised, Sandown Capital will in its voting results announcement pursuant to paragraph 3.91 of the Listings Requirements provide for the following:

- an invitation to dissenting shareholders to engage with Sandown Capital; and
- the manner and timing of such engagement.

10.15 **The board of directors should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the company's external reports**

The board has delegated responsibility for overseeing that arrangements for assurance services and functions are effective in:

(i) enabling an effective internal control environment;

(ii) supporting the integrity of information used for internal decision-making by management, the board and its committee; and

(iii) supporting the integrity of external reports

to the audit and risk committee, on the terms of reference set out above. The board and its committees will assess the output of the company's combined assurance with objectivity and professional scepticism, and by applying an enquiring mind, form their own opinion on the integrity of information and reports and the degree to which an effective control environment has been achieved.

10.15.1 ***External audit***

The external auditor is required to confirm to the audit and risk committee its independence from the group during each financial year. The committee considers the information pertaining to the external auditor's relationships with the group that might reasonably have a bearing on the external auditor's independence and the audit engagement partner and employees' objectivity, as well as related safeguards and procedures, in order to concluded whether the external auditor's independence is impaired. The committee is also responsible for approving the external auditor's terms of engagement and scope of work.

10.15.2 ***Internal audit***

The group's internal audit function will be performed by an independent, professional firm that will report directly to the chief executive officer and the chairman of the audit and risk committee. An internal audit manager optimises business processes as well as identifies and mitigates related operational risks. The internal auditor carries out risk-oriented audits of operational and functional activities, based on the guidance of the audit and risk committee. The audit and risk committee also examines and discusses with the auditor the appropriateness of internal controls and the utilisation of the internal auditor and made recommendations to the board. The board will conduct an external, independent quality review of the group's internal audit function at least once every five years.

10.16 **In the execution of its governance role and responsibilities, the board of directors should adopt a stakeholder-inclusive approach that balances the needs, interests and expectation of material stakeholders in the best interests of the company over time**

The board exercises ongoing oversight of stakeholder relationship management, but responsibility for implementation and executive of effective stakeholder relationship management has been delegated by the board to management. The company's main stakeholders are considered to be shareholders, bond holders, employees, tenants, suppliers, banks and fiscal administrations of the locations where the group carries out its activities. Sandown Capital has a transparent information communication policy, to enable stakeholders to assess the group's economic value and prospects.

The company encourages proactive engagement with shareholders, including at the company's annual general meetings, where all directors are available to respond to shareholders' queries on how the board has executive its governance duties.

The board is responsible for governance across the group and ensures that a group governance framework is implemented across the group.

10.17 **The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote the good governance and the creation of value by the companies in which it invests**

Not applicable as the company is not an institutional investor.

NAV STATEMENT

The following NAV statement of Sandown Capital as at 31 October 2017 has been determined in line with the accounting policies of Sandown Capital and is calculated in compliance with IFRS. It is an estimate as per the JSE Listings Requirements paragraph 8.40 and Sandown Capital would accordingly like to advise shareholders that this information has not been reviewed or reported on by Sandown Capital's auditors. The NAV statement is the responsibility of the directors of Sandown Capital.

NAV statement as at 31 October 2017

	Description	South Africa R'000	International R'000	Group R'000
Non-current investments		**(6 863)**	**548 404**	**541 541**
Listed real estate	*Stenprop Limited (6.9%) and Listed RE fund*	–	452 159	**452 159**
Direct property	*UK and German property investments*	–	96 245	**96 245**
BEE venture	*Nala Empowerment Investment Company Proprietary Limited:*	**(6 863)**	–	**(6 863)**
– Share of associate assets	*Consolidated Infrastructure Group Limited (7.5%)*	51 506	–	**51 506**
– Share of associate liabilities	*Vendor loan*	(58 369)	–	**(58 369)**
Current investments		**561 370**	**311 786**	**873 156**
Hedge funds	*Peregrine Group hedge funds*	556 338	133 218	**689 556**
Cash and cash equivalents	*ZAR/GBP/USD*	5 032	178 568	**183 600**
Liabilities		**(148 712)**	**–**	**(148 712)**
Short-term credit facility	*Vendor loan due to Peregrine SA*	(134 321)	–	**(134 321)**
Net current liabilities	*Deferred tax liabilities and sundry net payables*	(2 891)	–	**(2 891)**
Provision for restructure and listing expenses	*per Pre-Listing Statement*	(11 500)	–	**(11 500)**
Net Asset Value as at 31 October 2017 ***(R'000s)***		**405 795**	**860 190**	**1 265 985**
Shares in issue				*226 065 696*
Net Asset Value per share (cps)				**560**

Notes and assumptions

1. Listed real estate consists of the company's 20 220 468 shares held in Stenprop Limited, valued at the closing price of the shares on the JSE as at 31 October 2017, and Rinjani Holdings Limited's interest in the Clearance Camino Fund, after taking into account the Rinjani non-controlling interest, based on a valuation provided by the Fund's administrators.
2. Direct property consists of the company's 79.41% holding in Rinjani Holdings Limited, after adjusting for Rinjani's interest in the listed real estate fund outlined above. Rinjani's assets and liabilities are shown at fair market value, based on the directors' valuation thereof, which valuations are made with reference to open market valuations where appropriate.
3. BEE venture consists of the company's 30% associate interest in Nala Empowerment Investment Company Proprietary Limited ("**Nala**"), which entity holds 15 060 112 shares in Consolidated Infrastructure Group Limited, which shares are valued at their closing price on the JSE as at 31 October 2017. The company's associate share of the related vendor loan is reflected at the capital value outstanding on the loan as at 31 October 2017.
4. Hedge funds are shown at fair market value as at 31 October 2017, based on third party valuations of the underlying hedge funds.
5. Cash and cash equivalents represent the cash holdings of the group, net of interest payments due on the short-term loan facility, and as converted into the company's reporting currency at the exchange rates prevailing at close of business on 31 October 2017, where applicable.
6. The short-term credit facility represents the capital value of the loan due to Peregrine SA as at 31 October 2017.
7. Net current liabilities include estimates of deferred tax balances, together with sundry payables.
8. The provision for restructure and listing expenses is as reflected elsewhere in this Pre-Listing Statement.
9. The 226 065 696 shares in issue are the number of shares in issue as at 31 October 2017, being the record date of this Net Asset Value update.

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