

FREEDOM PROPERTY FUND LIMITED

Incorporated in the Republic of South Africa

Registration number: 2012/129186/06

Share code: FDP

ISIN: ZAE000185260

("Freedom" or "the Company" or "the Group")



SHORT FORM ANNOUNCEMENT: ABRIDGED AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2018

The board of directors of the Company ("the Board") is pleased to present the audited annual financial results for the year ended 28 February 2018.

The audited financial results of the Group for the year ended 28 February 2018, as compared to the year ended 28 February 2017 ("Comparative Period"), are set out below:

- Basic earnings per share decreased from 1,01 cents to a loss per share of 0,41 cents;
- Headline losses per share increased from 0,98 cents to 1,38 cents;
- Shares in issue remained at 1,204,429,031 shares;
- Revenue increased by 7% from R24,579 million to R26,377 million;
- Net profit of R12,095 million decreased to a loss after tax of R4,899; and
- Total assets decreased from R338,260 million to R312,883 million.

No dividends were declared or paid during the period under review or during the Comparative Period.

Auditors: Unqualified audit opinion

The summarised consolidated results of the Group for the year ended 28 February 2018 have not been audited by the Group's auditors, Moore Cape Town Inc. However, the annual consolidated financial statements of the Group for the year ended 28 February 2018 have been audited by Moore Cape Town Inc. An extract from the audit report contained within the audited annual consolidated financial statements of the Group for the year ended 28 February 2018 is as follows:

"In our opinion, the consolidated and separate Financial Statements present fairly, in all material respects, the consolidated and separate financial position of Freedom Property Fund Limited as at 28 February 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

The Impact of the Material Uncertainty related to COVID-19 on Freedom Property Fund Limited's Ability to Continue as a Going Concern

We draw attention to note 34 in the financial statements, which indicates that the group incurred a net loss of R4,899,000 during the year ended 28 February 2018 and as of that date the group's current liabilities exceeded its current assets by R30,947,000. As stated in note 34, COVID-19 affects the group and this may result in certain material uncertainties for the future financial position, performance and cashflows of the group.

We reassessed our risk assessment on going concern and took into account the additional considerations of the impact of the COVID-19 pandemic on the Group when assessing the going concern conclusion. Management's cashflow forecast was challenged by evaluating the reliability of the underlying data generated to prepare the forecast and determining whether there is adequate support for the assumptions underlying the forecast. Management expects a decrease in rental recoveries from May 2020 onward and an increase in vacancies due to tenants' inability to meet rental obligations. The current economic conditions as a result of the pandemic is also expected to impact the group's strategy of disposing of non-core assets. The directors have concluded that there are material uncertainties that give rise to significant doubt over the Group's ability to continue as a

going concern. We further assessed the appropriateness of the disclosures in the financial statements concerning the impact of COVID-19 on the Group's ability to continue as a going concern.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in **The impact of the material uncertainty related to COVID-19 on Freedom Property Fund Limited's ability to continue as a going concern** section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Investment Properties (consolidated)	
<p>The Group holds commercial and residential investment properties, along with vacant land, to the value of R274,604 million at year-end, including the straight-lining accrual and non-current assets held for sale. The movement in these properties' fair value for the year amounts to R23,472 million.</p> <p>Investment property is measured at their fair values based on valuations obtained from external valuers and the directors. The location, zoning, size, exposure, capitalisation rates and occupancy rates are some of the crucial variables which were considered and applied in the valuation of investment properties.</p> <p>For commercial properties the directors and external valuers have used 3 methods namely, the Net Income Capitalisation Method, the Discounted Cash Flow Method and the Comparable Sales Method in determining the fair value.</p> <p>For residential investment properties the directors and external valuers have used the Net Income Capitalisation Method in the valuation of the properties.</p> <p>For vacant land the directors and external valuers have used the Comparable Sales Method in the valuation of the properties.</p> <p>We consider the valuation of investment properties a matter of most significance to the current year's audit due to the significance of the estimates and judgements involved and the inherent sensitivity of data whereby a percentage difference in individual yields could result in a material misstatement.</p>	<p>We have considered whether the valuation methods applied by the directors and external valuers in the valuation of the investment properties, were in line with the criteria prescribed by IFRS. Further consideration was given as to whether the method used is appropriate to those particular properties subject to the valuation, by benchmarking it against valuation methods applied to similar listed property portfolios.</p> <p>In assessing the expertise of the external valuers, we have verified their registration with the South African Council for the Properties Valuers Profession. The considerations surrounding the independence and objectivity of the external valuers were based on the review of the terms of engagement and receipt of a representation from the external valuers' management as to the fee arrangements between the valuers and the group. We found no evidence to suggest that the objectivity of the valuers in their performance of the valuations was compromised.</p> <p>A meeting was held between ourselves and the independent valuers discussing the valuations and the key assumptions used therein. We inspected the valuation reports for all properties valued externally and tested data inputs in the directors' valuations.</p> <p>We assessed the accuracy, reliability and completeness of data inputs which was used in the valuation underpinning the relevant investment property.</p> <p>We reviewed the appropriateness of supporting documentation and performed a sensitivity analysis on the significant assumptions made to evaluate the extent of the impact on the value calculated, should the assumptions change by a small percentage.</p> <p>We further assessed the appropriateness of the disclosures in the financial statements concerning the key assumptions to which the valuations are sensitive to."</p>

Reportable Irregularities:

- As part of section 48(2)(b)(i) of the Companies Act, 71 of 2008 of South Africa ("the Companies Act") not more than 10%, in aggregate, of the number of issued shares of any class of shares of a company may be held by, or for the benefit of, all the subsidiaries of that company, taken together and (ii) no voting rights attached to those shares may be exercised.
- In May 2017, the Company's issued share capital of 1,204,429,031 comprised 132,026,953 treasury shares (held by Zambesa Investments Proprietary Limited), resulting in a contravention of section 48(2)(b) of the Companies Act.
- The Company has contravened s30(1) of the Companies Act by not completing its annual financial statements within 6 months of its year end.

This short form announcement is the responsibility of the Board and is only a summary of the abridged consolidated financial results for the year ended 28 February 2018 (“**Full Announcement**”) which may be downloaded from: <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/FDP/Feb2018.pdf>

The detailed audited consolidated financial results for the year ended 28 February 2018, inclusive of the Independent Auditors’ report, are available on the Company’s website:

<http://www.freedomprop.co.za/wp-content/uploads/2020/01/Freedom-Consol-2018-FINAL.pdf>

Any investment decisions by investors and/or shareholders should be based on consideration of the Full Announcement at the link set out above.

The Full Announcement may also be requested from the Company by contacting info@freedomprop.co.za during ordinary business hours, for a period of 30 calendar days following the date of this announcement.

Registered office: KWV Building, 57 Main Street, Paarl, Cape Province.

Paarl
30 June 2020

Sponsor: Questco Corporate Advisory Proprietary Limited
First Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston