



**Sandown Capital Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 2000/013674/06)  
Share code: SDC ISIN: ZAE000249645  
("Sandown" or "the Group" or "the Company")

---

## PROVISIONAL SUMMARISED AUDITED CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 MARCH 2018

---

- Restructure implemented and shares listed on JSE and A2X
- Rand strength negatively impacted NAV during the period, with 60% of the Group's assets held offshore
- NAV per share as at 31 March 2018 of 487 cents (FY2017: 102 cents per share)
- Board intention to address discount to NAV

### COMMENTARY

These results for the year ended 31 March 2018 reflect the first set of financial results of the Group following the restructure implemented in October 2017, details of which were set out in our interim results for the six months ended 30 September 2017 announced on SENS on 29 November 2017. The Company's shares were listed on the JSE Limited and A2X on 29 November 2017, and all the shares in issue were unbundled to shareholders of Peregrine Holdings Limited ("**Peregrine** or **Peregrine Group**") on 4 December 2017 ("**the Peregrine restructure**").

Given the material change in the size of the Group resulting from the restructure, the board of directors of the Company ("**Board**") believe that it will be of more use to shareholders for this commentary to focus predominantly on the period following the restructure, being the six months ended 31 March 2018.

As highlighted in the announcement released on SENS on 13 March 2018, the nature of Sandown's business is that of an investment holding company focused on generating medium to long-term growth in net asset value ("**NAV**") per share, and accordingly the Company has elected to adopt NAV per share as its key performance indicator, and for trading statement purposes.

NAV per share of 487 cents per share ("**cps**") as at 31 March 2018 reflects a decrease of 6.5% relative to the Group's NAV per share immediately following the restructure (521 cps as at 4 October 2017). With approximately 60% of the Group's investments being held offshore, the Board tracks the Group's NAV performance in both Rands and Great British pounds ("**GBP**"). In GBP terms, NAV per share increased over the period, from 28.8 pence per share ("**pps**") (as at 4 October 2017), to 29.3 pps as at 31 March 2018, an increase of 1.7%. This illustrates the marked impact the relative strengthening of the Rand versus the major currencies had on the NAV of the Group (reported in Rands), with the Rand strengthening 12.2% and 8.3% against the US dollar and GBP respectively, over the six month period.

The main contributors to the decrease in NAV included:

- the Group's investment in Stenprop Limited ("**Stenprop**"), whose Rand-denominated share price felt the Rand strength translation effect on its UK, German and Swiss property portfolio;
- the performance of the South African hedge-funds;
- the Rand strength effect on the Global hedge-funds; and
- the currency impact on translation of the Group's offshore cash resources.

### Investment Strategy

The Board's stated intention post the restructure of the Group has been to steadily transform the portfolio from an inherited, relatively passive one into an actively managed portfolio focusing on opportunities that are more appropriate for a permanent capital vehicle. The aim is to steadily implement a process where, once suitable investment opportunities are identified, redemptions or sales of existing investments will be made to fund the opportunities.

During the period under review, this process was initiated with two new portfolio investments being acquired, totaling R125 million, funded by a combination of the Group's cash resources and redemptions of hedge-fund investments.

The Board acknowledges that the transformation of the inherited portfolio to one that has been dynamically implemented is likely to take some time and that such a strategy would result in less liquidity in the portfolio over time. It is also conscious that the current shareholder base consists of a mix of shareholders, being those who were recipients of unbundled units as a result of being Peregrine shareholders (and would likely prefer greater liquidity) and those who have actively chosen to buy into the Group's investment strategy. Many in the former category have chosen to exit for this reason. As a result of these factors, the Company's shares have persistently traded at a discount of between 20% and 40% to NAV since listing.

Whilst some discount to NAV is expected in a vehicle of this nature, concern has been expressed by a number of shareholders as to the discount exhibited since Sandown's listing. The Board acknowledges these concerns and is itself concerned that if sustained, the magnitude of the discount will constrain Sandown's ability to raise capital over time. As a result, the Board will be engaging with shareholders over the next few months, to explore options that are available to reduce the discount.

### **Acquisitions**

The Group identified and implemented two portfolio investments during the second half of the year, in line with the investment strategy.

- In December 2017, Sandown acquired a 30% associate interest in Nala A2X Proprietary Limited ("**Nala A2X**"), which associate acquired a 10% empowerment stake in one of the new challenger exchanges in South Africa, A2X Proprietary Limited. The R23 million acquisition was fully funded by Sandown, by way of a preference share structure.
- In March 2018, Sandown Ventures Limited, a wholly-owned subsidiary of Sandown Capital International Limited ("**SCIL**"), acquired a non-controlling 60% equity interest in Capital Step Holdings Limited ("**Capital Step**"), an alternative finance solution provider to the small and medium enterprise market in the UK and Ireland. In addition, the Group advanced a shareholder loan to Capital Step and provided a five year term loan to its specialist funding entity, Capital Step Funding Limited. The initial investment was £6.05 million (R101 million), with a further commitment of an additional £6.25 million (R104 million) subject to various performance conditions.

The assets acquired under the Peregrine restructure are dealt with separately in this Report.

### **Disposals**

The following disposals were made during the financial year under review:

- Prior to the Peregrine restructure, the Company disposed of its entire shareholding in African Dawn Capital Limited for net sale proceeds of R1.9 million. In addition, as part of the restructure, 21,668 shares in Peregrine were transferred to the Peregrine Group for no consideration.
- Following the Peregrine restructure, Sandown disposed of two inherited private equity investments, being part of the restructure, which included equity and loan arrangements, for an aggregate sale consideration of R4.7 million.
- In order to fund the private equity acquisitions set out above, and to part-settle a vendor loan outstanding to Peregrine, the Group made redemptions totaling R68 million from its hedge-fund portfolio, which redemptions were made from the South African hedge-funds (R25 million) and the offshore hedge-funds (R43 million).

### **Portfolio Overview**

The Group's investment portfolio (excluding cash holdings of R76.4 million), valued at R1.119 billion as at 31 March 2018, comprised:

#### *Hedge-Funds (45% of the Portfolio)*

As year end the Group held four hedge-fund investments totalling R507 million made up of:

- R389.9 million in the Peregrine Partners' Fund, a multi-strategy fund managed by Peregrine Capital Proprietary Limited (predominantly High Growth Fund strategy) and Green Oak Capital Proprietary Limited (Fixed Income).
- R51 million, net of gearing, in the PNF Peregrine Fund, a Long/Short (L/S) equities fund. The investment, managed by Peregrine Capital Proprietary Limited tracks its High Growth Fund strategy.
- R36.5 million in the SA Alpha Peregrine High Growth USD Fund, a US\$-hedged feeder-fund into the Peregrine Capital High Growth Fund.
- R29.7 million in the Stenham Targeted Skills II Fund, a multi-strategy fund managed by Stenham Asset Management Limited.

### *Stenprop (32% of the Portfolio)*

The dual-listed property holding company with property assets in the UK and Europe, in which Sandown holds a 6.9% interest, is expected to benefit from its new focused strategy in the UK multi-tenant industrial park sector and from the diversification of its shareholder base following its recent conversion to UK REIT status and listing on the LSE. At year-end, Stenprop traded at a discount of approximately 20% to its underlying NAV, which discount is expected to narrow as its new strategy unfolds. Liquidity in the counter will hopefully improve as a result of its LSE listing. It trades at an historic dividend yield of almost 7% in GBP.

### *Rinjani (12% of the Portfolio)*

Asset disposals in Sandown's direct UK / German property special purpose vehicle are expected to accelerate in the months ahead. Recent disposals, combined with market information, provide assurance that our fair value assumptions are attainable and likely conservative. Rinjani made up 12% of the portfolio at year end with the vast majority of this likely to be realized in this ensuing financial year.

*Capital Step (9% of the Portfolio) See under Acquisitions above.*

*Nala A2X (2% of the Portfolio) See under Acquisitions above.*

### **Issued share capital**

Shares in issue amounted to 226,065,696 as at 31 March 2018.

Prior to the restructure, the Company had 2,000 shares in issue. As part of the Peregrine restructure, an additional 226,063,696 ordinary shares were issued, made up as:

- 161,182,841 shares, which were issued to Peregrine on 29 September 2017; and
- 64,880,855 shares, which were issued to Peregrine on 2 October 2017.

### **Dividends**

The Company declared and paid dividends of R2.5 million (2017: R13 million) during the current financial year. These dividends were paid when the Company was a wholly-owned subsidiary of Peregrine.

### **Restructure transactions and unbundling**

In terms of the Peregrine restructure, all surplus non-operating assets held by Peregrine (i.e. excess cash, investment in hedge-funds, property units and other proprietary investments), with a total net value of R1.026 billion, were transferred to Sandown, a wholly-owned subsidiary of Peregrine at the time, with effect from 2 October 2017.

### **Conclusion**

The Rand strength exhibited in the period under review has reversed post year-end which has had a meaningfully positive effect on the Group's NAV per share in the current financial year. The Board will continue to actively source and evaluate new investment opportunities, whilst addressing, as a priority, the issue of the discount to NAV over the coming months.

**Sean Melnick**  
*Chief Executive*

**Sean Jelley**  
*Chief Financial Officer*

**Lawrie Brozin**  
*Non-Executive Chairman*

Sandton  
26 June 2018

*Directors: LZ Brozin\* (Chairman); SA Melnick (CEO); SK Jelley (CFO); DJ Randall\*; AJ Hannington\*; CJ Hess\* (\*Independent non-executive)*

*Company Secretary: CIS Company Secretaries Proprietary Limited, Rosebank Towers, 15 Bierman Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107).*

*Registered office: 6A Sandown Valley Crescent, Sandown, Sandton, 2196 (PO Box 650361, Benmore, 2010), Telephone: +27 11 722 400*

*Transfer Secretaries: Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, (PO Box 61051, Marshalltown, 2107)*

*Sponsor: Java Capital*

*The Company's Audited Financial Statements will be available on Sandown's website on <http://www.sandowncapital.com> from 26 June 2018.*

Summarised Statement of Financial Position as at 31 March 2018

	Audited as at 31 March 2018 R'000	Audited as at 31 March 2017 R'000
<b>ASSETS</b>		
<b><i>Non current assets</i></b>	<b>632 747</b>	<b>2 910</b>
Financial investments	588 949	2 910
Investment in Associates	22 949	–
Deferred tax	20 849	–
<b><i>Current assets</i></b>	<b>590 358</b>	<b>175 881</b>
Financial investments	507 094	169 048
Trade and other receivables	162	218
Taxation	6 672	6 172
Cash and cash equivalents	76 430	443
<b>Total assets</b>	<b>1 223 105</b>	<b>178 791</b>
<b>EQUITY AND LIABILITIES</b>		
<b><i>Equity</i></b>	<b>1 101 687</b>	<b>164 868</b>
Share Capital	474 400	127 374
Currency Translation Reserve	(34 961)	–
Accumulated profits	662 248	37 494
<b><i>Non current liabilities</i></b>	<b>–</b>	<b>1 386</b>
Deferred taxation	–	1 386
<b><i>Current liabilities</i></b>	<b>121 418</b>	<b>12 537</b>
Loans and payables	120 000	9 234
Trade and other payables	1 418	3 303
<b>Total Equity and Liabilities</b>	<b>1 223 105</b>	<b>178 791</b>

## Summarised Statement of Comprehensive Income for the year ended 31 March 2018

	Audited for the year ended 31 March 2018 R'000	Audited for the year ended 31 March 2017 R'000
Revenue: Investment (losses)/income	(44 103)	31 877
<b>Total revenue</b>	<b>(44 103)</b>	<b>31 877</b>
Operating expenses	(23 932)	(8 643)
<b>(Loss) profit from operations</b>	<b>(68 035)</b>	<b>23 244</b>
Net interest (paid)/received	(5 636)	296
– Interest received	736	296
– Interest paid	(6 372)	–
<b>(Loss) profit before taxation</b>	<b>(73 671)</b>	<b>23 540</b>
Taxation	22 236	(3 742)
<b>(Loss) profit for the year</b>	<b>(51 435)</b>	<b>19 798</b>
Other comprehensive (loss)/income for the year net of taxation		
Items that can be classified subsequent to profit & loss:		
Currency translation differences	(34 961)	–
<b>Total comprehensive (loss)/income for the year</b>	<b>(86 396)</b>	<b>19 798</b>
<b>Basic and diluted (losses)/earnings per share</b>		Restated
(Losses)/Earnings	(51 435)	19 798
Number of shares in issue at reporting date*	226 065 696	161 184 841
Weighted average number of shares in issue	193 625 269	161 184 841
<b>Basic and diluted (losses)/earnings per share (cents)</b>	<b>(26.56)</b>	<b>12.28</b>
* 161 182 841 shares were issued to the Peregrine Group on 29 September 2017 for nominal consideration.		
Prior year figures have been restated after applying IAS33 <i>Earnings per share</i> , to take into account the above share issue.		
<b>Headline (losses)/earnings per share</b>		
(Losses)/Earnings	(51 435)	19 798
Adjustment for headline earnings	–	–
<b>Headline (losses)/earnings</b>	<b>(51 435)</b>	<b>19 798</b>
Basic & Headline (losses)/earnings per share (cents)	(26.56)	12.28
Net Asset value per share (cents)	487	102
Tangible Net Asset value per share (cents)	487	102
Dividend per share (cents)	1.11	8.07

**Summarised Statement of Changes in Equity for the year ended 31 March 2018**

<b>Group</b>		<b>Currency Translation Reserve</b>	<b>Accumulated Profits</b>	<b>Total Equity</b>
<b>R'000</b>	<b>Share capital</b>			
<b>Balance as at 31 March 2016 (audited)</b>	<b>127 374</b>	–	<b>30 696</b>	<b>158 070</b>
Total comprehensive income for the period	–	–	19 798	19 798
Transaction with owners recorded directly in equity	–	–	(13 000)	(13 000)
– Dividends paid	–	–	(13 000)	(13 000)
<b>Balance as at 31 March 2017 (audited)</b>	<b>127 374</b>	–	<b>37 494</b>	<b>164 868</b>
Total comprehensive income for the period	–	(34 961)	(51 435)	(86 396)
Transaction with owners recorded directly in equity	347 026	–	676 189	1 023 215
– Disposal of Peregrine shares for no consideration	–	–	(595)	(595)
– Restructure transactions	347 026	–	679 284	1 026 310
– Dividends paid	–	–	(2 500)	(2 500)
<b>Balance as at 31 March 2018 (audited)</b>	<b>474 400</b>	<b>(34 961)</b>	<b>662 248</b>	<b>1 101 687</b>

## Summarised Statement of Cash Flows for the year ended 31 March 2018

	Audited for the year ended 31 March 2018 R'000	Audited for the year ended 31 March 2017 R'000
<b>Cash flow from operating activities</b>	(18 449)	(35 090)
- Cash utilised by operations	(25 760)	(17 794)
- Interest received	736	296
- Interest paid	(6 372)	–
- Interest received from investments	1 507	–
- Dividends received from investments	14 440	264
- Taxation paid	(500)	(4 856)
- Cash dividends paid	(2 500)	(13 000)
<b>Cash flow from investing activities</b>	(37 312)	17 676
Proceeds from sale of investments	87 965	17 676
Acquisition of financial investments	(102 328)	–
Investment in Associates	(22 949)	–
<b>Cash flow from financing activities</b>	(23 556)	13 564
Subscription of shares due to restructure	–	–
(Decrease)/increase in loans payable	(23 556)	13 564
<b>Net decrease in cash and cash equivalents</b>	<b>(79 317)</b>	<b>(3 850)</b>
Cash acquired in restructure	170 567	–
Currency impact on foreign cash balances	(15 263)	–
Cash and cash equivalents at beginning of the period	443	4 293
<b>Cash and cash equivalents at the end of the period</b>	<b>76 430</b>	<b>443</b>

## NOTES AND COMPLIANCE

The provisional summarised audited consolidated financial statements of the Sandown Group as at and for the year ended 31 March 2018 comprise the Company and its subsidiaries' ("the Group") results and the Group's interests in equity accounted investees.

### **Basis of preparation**

The provisional summarised audited consolidated financial statements are prepared in accordance with the JSE Listings Requirements for provisional reports and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require provisional reports to be prepared on a consolidated basis in accordance with the framework concepts applicable to summarised financial statements and the measurement and recognition requirements of the International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS34: Interim Reporting.

The accounting policies applied in the preparation of the provisional summarised audited consolidated financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements as at and for the year ended 31 March 2017. The items are presented using the historical cost basis with the exception of financial assets designated as at fair value through profit or loss, which are measured at fair value.

Sandown makes private equity investments which in the ordinary course would meet the definition of subsidiary as set out above, but which, together with the Company, meet the definition of an Investment Entity (IFRS10). The Group applies the exception to consolidation to these subsidiaries, in line with Investment Entities: *Applying the Consolidation Exception (Amendments to IFRS10, IFRS12 and IAS28)*, and classifies these investments as "fair value through profit and loss".

### *Segmental reporting*

The Company has no separate operating segments and as such has not made any disclosure in terms of IFRS8.

### *Hedge-Funds*

As the Group's hedge-fund investments are managed by external, independent fund managers and given the fact that Sandown Capital has no influence on the investment strategies applied within the various hedge-funds, and no unilateral ability to replace the fund manager, the Group has not consolidated the hedge-fund investments. These are measured at fair value for financial reporting purposes.

In preparing these provisional summarised audited consolidated financial statements management made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year to 31 March 2017.

The Group's consolidated financial statements from which the Group results have been extracted were prepared under the supervision of S K Jelley CA(SA), the Group Chief Financial Officer.

### **Audit Report**

These provisional summarised consolidated financial statements have been extracted from the audited consolidated financial statements for the year ended 31 March 2018, on which the Auditors of the Company, Deloitte & Touche, have expressed an unmodified audit opinion. The auditor also expressed an unqualified opinion on the annual consolidated financial statements from which these summary consolidated financial statements are derived. The directors take full responsibility for the preparation of the provisional summarised report and for ensuring that the financial information has been correctly extracted from the underlying audited financial statements. A copy of the auditor's audit report on the summarised consolidated financial statements and of the auditor's report on the annual financial statements is available for inspection at the Company's registered office together with the financial statements identified in the auditor's reports.

The auditor's report does not necessarily report on all of the information contained in the announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's audit engagement, they should obtain a copy of the auditor's report, together with the accompanying financial information from the Company's registered office.

Any prospects detailed in the announcement have not been reviewed or reported on by the auditors.

### **Restatement of previous corresponding period NAV per share, earnings per share ("EPS") and dividends per share ("DPS")**

In calculating the NAV per share, EPS and DPS for the previous corresponding period (year ended and as at 31 March 2017), as the Peregrine restructure and subsequent unbundling of the Sandown Capital ordinary shares included the issue of a number of shares for no consideration, the guidance of IAS33 *Earnings per share*, paragraph 28, has been applied, in terms of which the number of ordinary shares outstanding before the restructure has been adjusted to reflect the number of ordinary shares in issue as if the issue had occurred at the beginning of the earliest period reported. This resulted in a restatement of the NAV per share as at 31 March 2017, and of the EPS and the DPS for the year ended 31 March 2017.

Analysis of Assets and Liabilities by Financial Instrument Classification

Audited as at 31 March 2018

R'000	Financial instruments 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 ZAR	Fair value of financial instruments
<b>Non Current assets</b>	<b>611 806</b>	<b>92</b>	<b>-</b>	<b>20 849</b>	<b>632 747</b>	
Financial investments	588 949	-	-	-	<b>588 949</b>	588 949
Investment in Associates	22 857	92	-	-	<b>22 949</b>	22 857
Deferred tax	-	-	-	20 849	<b>20 849</b>	
<b>Current assets</b>	<b>507 094</b>	<b>76 592</b>	<b>-</b>	<b>6 672</b>	<b>590 358</b>	
Financial investments	507 094	-	-	-	<b>507 094</b>	507 094
Trade and other receivables	-	162	-	-	<b>162</b>	
Taxation	-	-	-	6 672	<b>6 672</b>	
Cash and cash equivalents	-	76 430	-	-	<b>76 430</b>	
<b>Total assets</b>	<b>1 118 900</b>	<b>76 684</b>	<b>-</b>	<b>27 521</b>	<b>1 223 105</b>	
<b>Current liabilities</b>	<b>-</b>	<b>-</b>	<b>121 418</b>	<b>-</b>	<b>121 418</b>	
Loans and payables	-	-	120 000	-	<b>120 000</b>	
Trade and other payables	-	-	1 418	-	<b>1 418</b>	
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>121 418</b>	<b>-</b>	<b>121 418</b>	

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

Audited as at 31 March 2017  
R'000

	Financial instruments 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 ZAR	Fair value of financial instruments
<b>Non-current assets</b>	2 910	–	–	–	2 910	2 910
Financial investments	2 910	–	–	–	2 910	2 910
<b>Current assets</b>	169 048	661	–	6 172	175 881	
Financial investments	169 048	–	–	–	169 048	169 048
Trade and other receivables	–	218	–	–	218	218
Taxation	–	–	–	6 172	6 172	6 172
Cash and cash equivalents	–	443	–	–	443	443
<b>Total assets</b>	171 958	661	–	6 172	178 791	–
<b>Non-current liabilities</b>	–	–	–	–	–	–
Deferred taxation	–	–	–	1 386	1 386	1 386
<b>Current liabilities</b>	–	–	9 659	2 878	12 537	12 537
Loans and payables	–	–	9 234	–	9 234	9 234
Trade and other payables	–	–	425	2 878	3 303	3 303
<b>Total liabilities</b>	–	–	9 659	4 264	13 923	–

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

## Fair Value (“FV”) Disclosures

The following table presents the Group’s assets and liabilities which are presented at fair value as at 31 March 2018:

	R'000	R'000	R'000
<i>Financial assets at FV through profit or loss</i>	Level 1	Level 2	Total
Listed equities	358 913	–	358 913
Private equity investments	–	230 036	230 036
Hedge Fund investments	–	507 094	507 094
Investment in Associates	–	22 857	22 857
	<b>358 913</b>	<b>759 987</b>	<b>1 118 900</b>

The following table presents the Group’s assets and liabilities which are presented at fair value as at 31 March 2017:

	R'000	R'000	R'000
<i>Financial assets at FV through profit or loss</i>	Level 1	Level 2	Total
Listed equities	2 289	–	2 289
Private equity investments	–	5 969	5 969
Hedge Fund investments	–	163 700	163 700
	<b>2 289</b>	<b>169 669</b>	<b>171 958</b>

## Valuation techniques applied and inputs to recurring valuation techniques

Financial assets at fair value through profit or loss	Valuation technique used to determine fair value	Significant observable inputs used in valuation	Significant unobservable inputs used in valuation
Listed equities	Quoted market prices	Unadjusted quoted prices in an active market of underlying investments	N/A
Private equity investments	Current market assumptions for loans, independent valuations, and cost for recent transactions	Market-related interest rate	N/A
Hedge-fund Investments	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
Investment in Associates	Current market assumptions for loans, independent valuations, and cost for recent transactions	Market-related coupons	N/A

## Hedge-funds

A financial asset and a financial liability are offset and the net amount presented in the statement of financial position when the Group 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 agreements against the various investments in the hedge-funds state that the loans will be settled at the same time as a redemption out of the funds. The hedge-fund investments are measured at fair value and the loans are measured at amortised cost.

## Financial assets subject to offsetting

R'000	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the statement of financial position	Net amounts of financial assets presented in the statement of financial position
31 March 2018	584 468	(77 374)	507 094
31 March 2017	236 302	(72 602)	163 700

## **Related Party Balances and Transactions**

### *Transactions with Peregrine group companies*

The Company was a wholly-owned subsidiary of the Peregrine Group until 1 December 2017, on which date all of Sandown's issued shares were unbundled to the shareholders of Peregrine. During the period in which the Company was a subsidiary, Sandown entered into various transactions in the ordinary course of business with a fellow subsidiary company, Peregrine SA Holdings Proprietary Limited ("Peregrine SA"). The total value of these transactions charged for the period was R229,671 (2017: R414,804).

In addition to the above transactions, Peregrine SA was paid R40,000 for the provision of non-executive director services to the Company, relating to the services of Mandy Yachad for the period in which he was a non-executive director of the Company.

As part of the Peregrine restructure and the subsequent listing of the Company, Java Capital, an associate company at the time, was paid a total of R4.7 million with respect to corporate advisory and related fees.

### *Peregrine restructure transactions*

As part of the Peregrine restructure, Stenham Limited, a fellow subsidiary of Sandown in the Peregrine Group at the time, transferred various assets to SCIL for no consideration, comprising of:

- three hedge-funds investments, valued in aggregate at R125 million;
- foreign cash balances of R171 million; and
- 13.9 million shares in Stenprop Limited, valued at R263 million.

As per the disposal agreement between Peregrine SA and Sandown, Peregrine SA disposed of three hedge-funds investments to the Company with an aggregate value of R349 million, payment of which was settled by way of two separate vendor loans:

- the first loan, interest-bearing, for an amount of R134,3 million; and
- the remaining balance of R215 million took the form of a non-interest bearing loan, which was subsequently distributed to Peregrine as a distribution in specie and settled by Sandown by way of the issue of 42 million ordinary shares in Sandown to Peregrine.

21,668 shares in Peregrine, previously held as treasury shares on behalf of the Peregrine Group, were transferred to a Peregrine Group company as part of the Peregrine restructure, whilst the Company was a wholly-owned subsidiary of Peregrine, for no consideration. This transfer was accounted for as an adjustment to equity.

In addition, Stenham Group Limited (a wholly-owned subsidiary of Stenham Limited) exchanged its 79.41% shareholding and claims against Rinjani Holdings Limited, as well as its 100% shareholding in a dormant entity, Sandown Ventures Limited, for the issue of 900 shares by SCIL, following which the SCIL shares were ultimately distributed to Peregrine by way of a distribution in specie. Such shares in SCIL were then exchanged by Peregrine for the issue of 22 million shares in Sandown in terms of an "asset-for-share transaction" contemplated in section 42 of the Income Tax Act. Peregrine also subscribed for an additional 161 million Sandown shares for R100 at the same time.

As part of the Peregrine restructure, Peregrine Guernsey Limited, a fellow subsidiary with Sandown of the Peregrine Group at the time, transferred 6.3 million Stenprop Limited shares to SCIL, valued at R120 million, for no consideration.

Sandown Capital disposed of its claims on the Elite Group Proprietary Limited to Peregrine Financial Services Holdings Limited, for a cash consideration of R4.5 million in October 2017, as part of the Peregrine restructure.

### *Private equity fund*

The Group has a 50% interest in a partnership, Firefly Investments 61, which manages a fund that invests in private equity opportunities. Sean Melnick, Sean Jelley and Mandy Yachad, directors of the Company during the year ended 31 March 2018, have co-invested with the Company into the fund, either directly or through an entity in which they have an indirect beneficial interest. The value of the loan receivable from Firefly Investments 61 as at 31 March 2018 was R695,942 (31 March 2017: R564,208).

### *Capital Step Transaction*

As part of the Capital Step transaction, Sandown Ventures Limited, a wholly-owned subsidiary of SCIL, acquired 2,551 ordinary shares in Capital Step from Sean Melnick, for a total consideration of R429 (£25.51). The disposal of Melnick's 22.5% interest in Capital Step was a condition set by the Board in order to remove any potential conflict of interest between the Group and the executive director.

### *Equity accounted investees*

During the year, the Group paid certain expenses, on loan account, with respect to fees incurred in the ordinary course of business on behalf of entities in which the Group holds an associate interest. These expenses amounted to R91,895 for the year (F2017: Nil).

### *Investment advisor*

The Group entered into an investment advisory agreement with an external investment advisor on 4 October 2017, an entity in which the executive directors are representatives of and have an economic interest in. The details of the investment advisory agreement are set out in the Company's pre-listing statement published on 14 November 2017. The advisory fees paid to the investment advisor by the Group for the period from the commencement of the agreement to 31 March 2018 amounted to R8 million (2017: Nil). The Company's executive directors received no remuneration from the Group.

### **Peregrine Restructure**

With effect from 2 October 2017, Peregrine transferred to Sandown, a wholly-owned subsidiary of Peregrine at that date, all the attributable surplus balance sheet investments within the Peregrine Group. The effect of the restructure and unbundling of the assets and liabilities as at the reporting date is presented below.

The fair values reflected below represent their carrying values as at 30 September 2017.

	R'000
<b>Identifiable assets transferred in</b>	<b>1 160 634</b>
Financial Investments	990 067
Hedge-Funds	474 558
Listed equities	383 178
Private equity	132 331
Cash and cash equivalents	170 567
<b>Identifiable liabilities transferred in</b>	<b>(134 324)</b>
<b>Attributable net assets</b>	<b>1 026 310</b>

Pursuant to the restructure, Sandown issued Peregrine an additional 64,880,855 ordinary shares, such that the total number of shares in issue increased to 226,065,696. In addition, as part of the transfer of hedge-fund assets, Peregrine provided Sandown with a short-term loan facility of R134.3 million, which loan was repaid in full on 1 June 2018.

Having obtained the necessary regulatory approvals, Sandown was separately listed on the JSE on Wednesday, 29 November 2017, with the shares in Sandown being unbundled to Peregrine shareholders on Monday, 4 December 2017.

