Sandown Capital Limited

Integrated Annual Report

FOR THE YEAR ENDED 31 MARCH

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Scope and Boundaries

Sandown Capital Limited (Sandown Capital or the Company or the Group) is pleased to present its first Integrated Annual Report to shareholders, following its listing on the Johannesburg Stock Exchange (JSE) and A2X on 29 November 2017.

The Integrated Annual Report represents the activities as well as the financial and non-financial performance of Sandown Capital and its subsidiaries (the Group) for the period 1 April 2017 to 31 March 2018 and is prepared on behalf of the Board of directors of Sandown Capital (the Board or Directors) who acknowledge its responsibility to ensure the integrity thereof. This report is the first Integrated Annual Report published for the Group, following its conversion into a public company on 11 September 2017, and its subsequent listing on the JSE and A2X on 29 November 2017.

The content of this Integrated Annual Report is intended to be useful and relevant to Sandown Capital stakeholders. The content aims to provide stakeholders with an understanding of the Group's core purpose, its risks and opportunities, strategy, business model, performance and the economic, environmental, social and governance initiatives of the Group and their impact, in order to enable stakeholders to evaluate the Group's ability to create and sustain value over the short-, medium-and long-term.

This first integrated report is prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the Companies Act of South Africa 71 of 2008 (Companies Act) and the Listings Requirements of the JSE (JSE Listings Requirements). Sandown Capital has further applied the principles and requirements contained in the King Code of Corporate Governance for South Africa 2016 (King IV), except where reasons have been recorded as to why King IV principles and recommendations have not been applied.

The Board has drawn assurance from the work performed by the external auditors, Deloitte & Touche, during the course of their annual audit of the Group's annual financial statements and their unmodified audit opinion which is included in the Audited Annual Financial Statements section of this report.

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect the Group's expectations as at 31 March 2018. Actual results may differ materially from the Group's expectations, should known and unknown risks or uncertainties affecting its investments, or if estimates or assumptions, prove inaccurate. The Group disclaims any intention and assumes no obligation to update or revise any forward-looking statements, other than as is required by the JSE Listings Requirements.

The Audit and Risk Committee acknowledges its responsibilities, on behalf of the Board, to ensure the integrity of this Integrated Annual Report. The Audit and Risk Committee has accordingly applied its mind to the report and believes that it appropriately and sufficiently addresses all material issues, and fairly presents the integrated performance of the Group for the year-ended 31 March 2018, within the scope and boundaries set out above. The Audit Committee recommended this Integrated Annual Report to the Board for approval.

The Board is satisfied that this Integrated Annual Report is a fair representation of the performance of the Group. Sandown Capital's 2018 Integrated Annual Report was approved by the Board and is signed on its behalf by:

Lawrie Brozin	**Sean Melnick**	**Sean Jelley**
Chairperson	*Chief Executive*	*Chief Financial Officer*

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31 July 2018

Chairperson's Report

OVERVIEW

This is the inaugural Integrated Annual Report published for Sandown Capital Limited since the appointment of the current Board and the Company's listing on the JSE and A2X on 29 November 2017.

It was a pivotal year for Sandown Capital. The Peregrine restructure, implemented in October 2017, saw the Group transformed from a relatively small-scale proprietary investment entity within the Peregrine group, with a limited portfolio of South African-based investments, into a large-scale multi-jurisdictional investment holdings group, through the injection onto the Group balance sheet of in excess of R1.026 billion of attributable net assets. This process required the establishment of new subsidiary entities to house the offshore assets, setting-up a range of new service provider relationships and the appointment of a professional, external investment management advisor.

I am pleased to report that the Company's transition from a South African-focused, single entity proprietary investment operation into what is now an internationally-focused, actively-managed investment Group was completed during the period under review. The platform is now in place from which we are well structured to source, invest and manage a range of investment opportunities designed to meet the Group's objective of building long-term shareholder wealth through growth in net asset value per share.

2018 PERFORMANCE

Our key performance indicator is growth in NAV per share. As such, the period since our restructure and listing has been challenging against a background of a strengthening Rand and the performance of certain of our inherited hedge fund investments. A decrease in reported NAV per share of 6.5%, relative to the NAV per share on restructure, should be read in the context of the 12.1% and 8.3% appreciation of the Rand against the US Dollar and the GB Pound respectively, the currencies in which the majority of our investment portfolio operate or are denominated.

INVESTMENT STRATEGY

The implementation of the Group's investment strategy has made good progress over the past six months, as we transition our portfolio from the inherited relatively liquid asset base into targeted, long-term private equity investment opportunities. The two acquisitions made during the period under review, which are set out in detail in this Integrated Annual Report, are examples of how we see the strategy progressing; targeting businesses operating as disruptors in established financial markets, backing highly experienced, entrepreneurial management teams.

I am confident that the present deal-flow that we are seeing is such that the transition of Sandown Capital's investment portfolio will continue, funded through further disposals from our inherited assets portfolio.

BOARD

Sandown Capital is fortunate to have a Board made up of a group of highly experienced, pro-active non-executive and Executive Directors. The depth and range of their experience, from private equity to the corporate environment allows for robust discussion and deep understanding of the opportunities that we are presented with.

APPRECIATION

I wish to record my appreciation to my colleagues on the Board and the Executive Directors for their support over the period since our respective appointments in 2017.

Lawrie Brozin
Chairperson
31 July 2018

Group Overview

CORPORATE STRUCTURE AND PROFILE

Sandown Capital is an investment holdings group, whose ordinary shares are quoted in the Financial-Equity Investment Instruments sector of the JSE, and on A2X. The Company is listed as an investment entity in terms of section 15 of the JSE Listings Requirements.

Sandown Capital is a South African registered entity, with its investment activities managed and controlled by the Board in South Africa. The international activities of the Group are conducted through an international wholly-owned subsidiary, Sandown Capital International Limited (SCIL), registered in and operated out of Guernsey. The functional and presentational currency of SCIL is the United Kingdom (UK) Pound.

Sandown Capital entered into an investment advisory agreement with an external investment advisor, as indicated in the pre-listing statement dated 14 November 2017, who was appointed to manage all aspects of the investment of the Group's assets under delegated authority of the Board, and to provide ongoing advice and assistance that will enable the Company to achieve its investment objectives. In terms of the agreement, and subject to the Board's approval, the services of the CEO and CFO are provided by the investment manager.

Company Secretarial services have been outsourced to CIS Company Secretaries Proprietary Limited.

The Executive Directors of the Company are representatives of the investment manager. As such, the Company itself does not have any employees.

HISTORY

Sandown Capital was incorporated on 28 June 2000 and was a wholly-owned subsidiary of Peregrine Holdings Limited (Peregrine), prior to the unbundling of its ordinary shares to Peregrine shareholders on 4 December 2017. The Company was converted to a public company on 11 September 2017 and was listed on the JSE and A2X on 29 November 2017.

As at 31 March 2017, the majority of investments held by Sandown Capital were hedge fund investments. With effect from early October 2017, all surplus non-operating investments within the Peregrine Group (comprising excess cash, hedge fund and other proprietary investments) were transferred to Sandown Capital, such that, immediately following the restructure, the Group had an aggregate net asset value of approximately R1.178 billion.

INVESTMENT PROPOSITION

Sandown Capital aims to create long-term value for shareholders through targeting selected investment opportunities which meet its investment strategy. Sandown Capital seeks to achieve this objective 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.

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 one that is actively managed into 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.

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 Capital'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.

In all instances, but in particular as regards the residual inherited portfolio, where the Group invests in other companies, or funds, which in turn invest in a portfolio of investments, the Board ensures that the policies and objectives of these companies or funds conform to the principal investment objectives of Sandown Capital.

INVESTMENT ADVISOR

Sandown Capital has entered into the investment advisory agreement with an external investment advisor, the salient terms of which agreement are set out below. The investment advisor is incorporated and registered in Guernsey.

Where the Group elects to pursue investment opportunities, the investment advisor does all things necessary to execute such investments, including managing the due diligence process. The investment advisor provides ongoing advice for the period that the investment is held by the Group, reporting on the status and value of each investment at regular intervals, as agreed with the Board. When Sandown Capital decides to dispose of an investment, the investment advisor manages the disposal process on behalf of the Group.

In return for providing these services, the investment advisor charges the Group an annual investment advisory fee, payable quarterly in advance, of the greater of R16 million or 0.95% of the Group's annual average net asset value. In addition, Sandown Capital will, subject to the compound average growth rate of the NAV per share of the Company being equal to or exceeding a hurdle rate of 15% since commencement of the investment advisory agreement, pay the investment manager a performance fee equal to 10% of the growth in NAV 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 investment advisory agreement are set out in Sandown Capital's pre-listing statement published on 14 November 2017, a copy of which is available on the Company's website.

Group Overview continued

Unless terminated by either party in certain specified circumstances, the appointment of the investment advisor will continue until 31 March 2023.

The primary office of the investment advisor is in Guernsey, with an associate office in London. The investment advisor is represented by Sean Melnick and Sean Jelley, CEO and CFO of Sandown Capital respectively, assisted by an appropriately skilled team.

INVESTMENT PROCESS

Sandown Capital's investment strategy serves as a guideline to the investment advisor in selecting and recommending potential acquisitions and disposals. Final decisions regarding acquisitions and disposals are taken by the Board, with due regard to the Group's investment strategy and objectives.

In seeking new investments, the Group focuses 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 Group chooses to invest alongside an investment partner, the directors ensure that the chosen partner brings the necessary skills and experience to the management of each investment.

INVESTMENT PROFILE

The current portfolio composition remains substantially an inherited one, being assets unbundled from the Peregrine Group. Whilst the Board are comfortable that those inherited assets that do not fit the Group's long-term investment strategy are in most cases capable of generating acceptable long-term growth in NAV per share, it will continue to, over the next few years and in a stable, measured manner as investment opportunities arise, divest from these non-core assets and redeploy the capital in line with the Group's long-term investment strategy. The majority of the non-core assets are of a liquid, treasury-type nature and are primarily made up of the Group's hedge fund investments and surplus cash resources.

Since listing on 29 November 2017, the Group has made two new portfolio investments, namely:

- Investment in a special purpose Broad-Based Black Economic Empowerment (B-BBEE) vehicle, Nala A2X Proprietary Limited (Nala A2X), which was set-up to acquire a 10% equity interest in A2X Proprietary Limited, a newly established secondary market stock exchange in South Africa; and
- Investment in a specialist alternative finance business (Capital Step Group), which provides specialist debt finance to the SME sector in the UK and Ireland.

The new portfolio investments were funded utilising the Group's existing cash resources. During the period, the Group raised approximately R25 million and US$3 million through redemptions from the SA hedge fund and the Global hedge fund investments, respectively.

The geographical split of Sandown Capital's investment portfolio (excluding cash reserves), on a NAV basis as at 31 March 2018, was 40% invested in South Africa (SA) and 60% invested offshore.

As at 31 March 2018 the Group's investment portfolio was made up of:

			R'000
Equity investments			
Listed equities			
Stenprop Limited (Stenprop)	Offshore		**358,913**
Private equity investments			**146,345**
Rinjani Holdings Limited (Rinjani)	Offshore	123,249	
Capital Step Holdings Limited (CSH)	Offshore	2	
Firefly Investments 61 (Firefly) private equity partnership	SA	145	
Nala A2X (30% held associate)	SA	22,949	
Loans and receivables			
Private equity investments			**106,634**
Rinjani Shareholder Loan	Offshore	5,062	
Capital Step Funding Limited (CSF) – Term Loan	Offshore	83,435	
CSH – Shareholder Loan	Offshore	17,447	
Firefly	SA	696	
Hedge funds			**507,094**
PNF Peregrine Fund En Commandite Partnership (PNF Peregrine)*	SA	51,031	
Peregrine Partners' Fund En Commandite Partnership (Partners' Fund)	SA	389,942	
Stenham Targeted Skills II	Offshore	29,650	
SA Alpha Peregrine High Growth USD Fund	Offshore	36,471	
			1,118,992

** PNF Peregrine is shown net of gearing of R77.374 million*

A detailed schedule of investments is included in the Notes to the Audited Annual Financial Statements section of this Report.

Portfolio Review

HEDGE FUNDS (45% OF THE PORTFOLIO):

As at 31 March 2018 the Group held four hedge fund investments:

- R389.9 million in the Peregrine Partners' Fund*, a multi-strategy fund managed by Peregrine Capital Proprietary Limited (Peregrine Capital) (being predominantly the PNF Peregrine Fund, see below) and Green Oak Capital Proprietary Limited (Fixed Income strategy)*.
- R51 million, net of gearing, in the PNF Peregrine Fund, a Long/Short (L/S) equities fund. The investment, managed by Peregrine Capital and tracking its High Growth Fund strategy, had gearing amounting to R77 million as at 31 March 2018. The gearing bears interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points and is repayable within ten days from disinvestment from the PNF Peregrine Fund.
- R36.5 million in the SA Alpha Peregrine High Growth USD Fund, a US$-hedged feeder-fund into the Peregrine Capital High Growth Fund, a L/S equity fund.
- R29.7 million in the Stenham Targeted Skills II Fund**, an offshore multi-strategy fund managed by Stenham Asset Management Limited.

**part-redeemed after year-end. ** fully redeemed after year-end.*

LISTED EQUITIES (32% OF THE PORTFOLIO):

Stenprop

The Group owns 20,220,468 ordinary shares (approximately 6.9%) of Stenprop Limited, a property holding company with property assets in the UK and Europe and which at year-end was dual-listed on the JSE and Bermuda Stock Exchange. Stenprop 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 its listing on the London Stock Exchange (LSE) in June 2018, which listing is expected to attract yield-seeking UK wealth management investors.

At year-end, Stenprop was trading at a discount of approximately 20% to its underlying net asset value, which discount is expected to narrow as it new strategy unfolds. At this discount level the share trades at an historic dividend yield of approximately 7.5%, which provides an attractive earnings underpin to the medium- to long-term prospects of the investment.

PRIVATE EQUITY (23% OF THE PORTFOLIO):

Rinjani *(11% of the Portfolio)*

The Group owns 79.41% of Rinjani, an unlisted property special purpose vehicle (SPV) registered in the British Virgin Islands (BVI) and managed out of Guernsey. Rinjani has three principal investments, namely:

- 50% of a UK-based equity-release residential property portfolio, valued at approximately £0.54 million (R8.9 million);
- 3.3% of Rufford Holdings Limited (Rufford Holdings), together with related net economic interests, valued at €6.9 million (R100.5 million); and
- units in a listed European real-estate equities fund, Clearance Camino Fund, valued at €3.2 million (R46.9 million).

The UK equity-release portfolio is in run-off, with the portfolio's interest in the remaining 18 residential properties expected to be sold off during the course of the next few years.

Rufford Holdings is a property holding entity whose principal investment is a mixed hotel/office property located in Frankfurt, Germany. The property is in the process of being sold.

Rinjani's shares in the Clearance Camino Fund are subject to a lock-up until 30 June 2018, whereafter they are available for redemption/sale.

Rinjani, a property private-equity investment entity, is essentially in the final stages of run-off. Rinjani is managed by representatives of the minority shareholder, which has joint control of the board of the entity. Sandown Capital expects that a substantial portion of its investment in the SPV will be realised within the next 12 months.

Portfolio Review continued

PRIVATE EQUITY CONTINUED**:**

Nala Empowerment Investment Company Proprietary Limited *(0% of the Portfolio)*

The Company holds 30% of the issued equity of Nala Empowerment Investment Company Proprietary Limited (Nala), the Group's principal B-BBEE partner in South Africa, with the remaining 70% majority black-owned by Nala Empowerment Investment Company Holdings Proprietary Limited, itself held by three community-based trusts, namely; the Peregrine Educational Trust (35%), the Peregrine Community Development Trust (15%) and the Employee Portfolio Investment Trust (20%).

Sandown Capital is the principal funder of any new deals that Nala would seek to make in South Africa. The three trusts were established, when Sandown Capital was a wholly-owned subsidiary of the Peregrine Group, to benefit Peregrine's black staff, to aid in community development and to promote the advancement of disadvantaged individuals through education.

Nala holds two investments, namely:

- 15,060,112 shares (7.9%) in Consolidated Infrastructure Group Limited (CIL), an industrial power-engineering group listed on the JSE; and
- 72% of Nala A2X Proprietary Limited (Nala A2X).

The CIL shares were acquired as part of the Peregrine restructure in October 2017, which transaction was funded by way of a non-recourse vendor loan from Peregrine's associate B-BBEE entity.

The purchase price of the shares, net of a deferred tax liability acquired, was 1 295 cents per share (cps), which together with the capitalised interest on the vendor loan to 31 March 2018, has now increased to the equivalent of 1 349 cps. As the share's closing price was 380 cps on 31 March 2018, substantially below Nala's break-even price, the Group has not recognised any value in its 30% associate interest in Nala.

Nala A2X *(2% of the Portfolio):*

The Company owns 100% of the issued preference share capital of Nala A2X and an effective 49.6% of its ordinary equity (28% is held directly, and an effective 21.6% indirectly through its 30% associate interest in Nala).

Nala A2X is a SPV set up to house Nala's 10% empowerment interest in A2X Proprietary Limited, one of the new challenger exchanges in South Africa.

Capital Step *(9% of the Portfolio):*

The Group holds 60% of the equity in CSH, an unlisted specialist lending entity provider, registered in the United Kingdom. CSH, through its wholly-owned funding vehicle, CSF, provides royalty-based, and related, funding solutions to the small and medium enterprise market in the UK and Ireland. Funding is principally of a mezzanine nature with targeted returns on capital advanced priced at rates more in line with those achieved by private equity investors, rather than by traditional senior-loan type lenders.

CSF has contracted with a listed debt-fund in the UK for an initial £10 million (R166.2 million) of five-year loan capital, with a further £10 million accordian facility in place. In addition to a shareholder loan of £2.3 million (R38.2 million) provided on a draw-down basis to CSH, to fund working capital, the Group has advanced a subordinated five-year term loan to CSF of £5 million (R83.1 million), with a further £5 million committed subject to the debt fund providing an additional £20 million of loan capital.

Sandown Capital has a representative on CSF's investment committee, with investment decisions requiring unanimous approval. To date, some £7.5 million of loans have been approved by CSF.

Firefly *(<1% of the Portfolio):*

The Company has a 50% partnership interest in Firefly, a South African investment partnership. Firefly is a private equity investment fund presently in run-off, pending the sale of its sole remaining investment, being an effective 56% share of a property investment located in Johannesburg, South Africa.

Executive Directors' Report

FINANCIAL RESULTS

The Directors have determined that NAV per share is the key performance indicator for the Group for trading statement purposes. As the major restructure of the Group on 4 October 2017, summarised elsewhere in this Report, makes any comparison with prior year figures meaningless, the Board has used the NAV per share immediately following the restructure as its base case for comparative performance purposes.

On the completion date of the Peregrine restructure, being 4 October 2017, when the proprietary investments of the Peregrine Group were transferred into Sandown Capital, the Group had a NAV of R1.178 billion (£65.01 million), or 521 cents per share (28.8 pence per share). At the end of the financial year, being 31 March 2018, the NAV of the Group was R1.1 billion (£66.30 million), or 487 cents per share (29.3 pps).

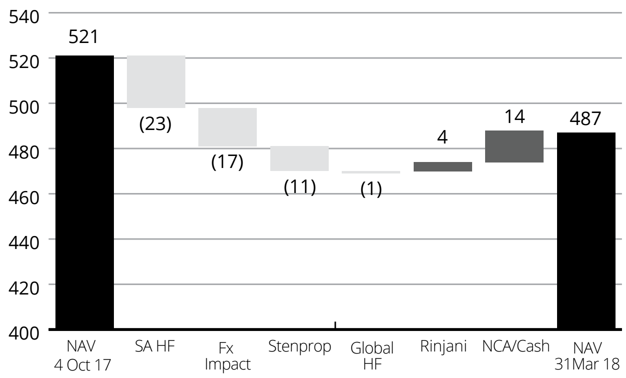
Key performance indicator	**2018 31-Mar GBP (pps)**		Base 4-Oct-17* GBP(pps)	**2018 31-Mar ZAR (cps)**		Base 4-Oct-17* ZAR (cps)
NAV per share	**29.33**	+2.0%	28.76	**487**	-6.5%	521
	£'000s		£'000s	**R'000s**		R'000s
NAV	**66,303**		65,003	**1,101,688**		1,177,658

** Restructure date / appointment of investment advisor*

NAV per share over the six-month period ended 31 March 2018, being the period since the commencement of the investment advisory agreement, increased by 2.0% in UK Sterling terms, and decreased by 6.5% in Rands, indicating the significant impact on the Group's results of the Rand strengthening relative to major global currencies, over the period.

The attribution with respect to the overall decrease in NAV per share (cps) is depicted in the graph below.

MOVEMENT IN NAV PER SHARE (CPS)
6 months ended 31 March 2018



Rand strength negatively impacted NAV for the period under review, particularly as the majority of our assets are held offshore.

The strengthening of the Rand against the major currencies also had a marked negative impact on the mark-to-market value of our investment in Stenprop, whose assets are located in the UK, Germany and Switzerland and whose Rand-denominated share price decreased in line with the Rand appreciation.

The performance of our South African hedge fund investments, in respect of both the South African and Global funds, reflected the challenging market conditions experienced over the period. We redeemed or part-redeemed from three of the equity L/S funds during the period, releasing an aggregate amount of R71.9 million (Rand-equivalent) for investment activities. These redemptions were made from both the SA and Global hedge funds.

Operating expenses included substantial once-off restructure and listing-related fees incurred in the period. Non-restructure/listing-related expenditure, including interest payable on the SA hedge fund vendor loan, investment management fees, Non-Executive Director fees and sundry other administrative fees were more than covered by income earned on cash, portfolio investments and dividends received from listed equities. Going forward, we expect that Sandown Capital's operating costs will continue to be covered by cash earnings.

We are pleased with the progress that we have made with building Sandown Capital's long-term investment portfolio, having made two investments in the period following the implementation of the new investment strategy in early October 2017. Our investment in A2X, through our associate special purpose B-BBEE venture partner, Nala A2X, is an exciting one. The entity owns a 10% interest in A2X, a newly established secondary market stock exchange in South Africa. More recently, we have invested £6.05 million in CSH/CSF, a specialist finance provider serving the SME market in the UK and Ireland, with an additional £6.3 million committed, subject to various business-building milestones being achieved.

Executive Directors' Report continued

FINANCIAL RESOURCES

Shareholders' funds amounted to R1.1 billion as at 31 March 2018, most of which is invested in the Group's investment portfolio.

The Group had cash resources on hand of R76 million at year-end, of which the majority was held in foreign currencies by the offshore subsidiary, SCIL. In South Africa, the Group had a R120 million short-term loan outstanding to Peregrine as at 31 March 2018, which loan arose out of the transfer of hedge fund assets to the Group as part of the Peregrine restructure in early October 2017. The loan was fully repaid out of the proceeds of the redemption of the Group's investment in these hedge funds, on 1 June 2018.

We are presently in discussions with potential funders with respect to solutions that will allow us to monetise, or leverage off, our remaining hedge fund assets and other less liquid investments. Due to the nature of these assets, described in detail above, a large proportion of which are current assets, and the cash reserves available, the Board considers that the Group has sufficient financial resources to execute its strategy.

PROSPECTS

Sandown Capital is confident that the progress already achieved in aligning its inherited asset base with its long-term investment strategy will continue to gain momentum. We anticipate ongoing volatility in the Group's reporting currency and remain of the view that the bulk of the Group's assets should continue to be held in non-Rand denominated investments. Discussions with our flagship hedge fund managers have reinforced our confidence that they too are prepared to take medium-to long-term fundamental views notwithstanding short-term market volatility. Stenprop, the listed property company 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 its listing on the LSE, attracting yield-seeking UK wealth management investors. Our non-controlling majority share of the direct UK/German property SPV continues in run-off, with asset disposals expected to accelerate in the year ahead. Recent disposals, combined with market information, provide assurance that our fair value assumptions are conservative.

Our investment focus on identifying appropriate long-term investment opportunities continues apace, with a number of potential investments under review. We expect to complete on one or more of these in the year ahead. In addition, we shall continue to support our existing portfolio investments as they implement their respective long-term value-growth strategies.

The Rand strength exhibited in the period under review has reversed post year-end which has had a 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.

This prospects statement has not been reviewed or audited by the Company's auditors.

Sean Alan Melnick	**Sean Kevin Jelley**
Chief Executive Officer	*Chief Financial Officer*

Directorate

Lawrie Zev Brozin (62) *B.Comm, B.Acc, CA(SA)*	Independent Non-Executive Chairperson	Lawrie 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 Limited (Brimstone), 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 Group Holdings Limited, Sea Harvest Group Limited and The Scientific Group. Lawrie has subsequently retired from Brimstone and now serves on the boards of Paycorp Group Proprietary Limited and Nando's Group Holdings.
Andrew James Hannington (62) *B.Comm (Hons), CTA, CA(SA)*	Independent Non-Executive Director. Chairperson of the Audit and Risk Committee. Member of the Remuneration and Social and Ethics Committees.	Andrew was previously CEO of Grant Thornton in Johannesburg, and prior to that CEO and National Chairperson 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 environmental, religious and educational sectors.
Cindy Joy Hess (43) *B.Comm (Hons), CA(SA)*	Independent Non-Executive Director. Chairperson of the Social and Ethics Committee. Member of the Remuneration and Audit and Risk Committees.	Cindy previously served as CFO at Media24 Holdings Proprietary Limited, Pioneer Food Group Holdings Limited and Sea Harvest Holdings Proprietary Limited (presently Sea Harvest Group Limited). She started her career at KPMG in 1999 and has since also held executive positions at Woolworths Holdings Limited and within the Transnet Group, and has served on several boards and committees. Cindy joined the Sandown Board on 29 November 2017.
Duncan James Randall (44) *B.Arts (African Politics), DPhil (Politics) Oxford*	Independent Non-Executive Director. Chairperson of the Remuneration Committee. Member of the Audit and Risk and Social and Ethics Committees.	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.

Directorate continued

Sean Alan Melnick (49) *B.Com (Hons), CFA*	Chief Executive Officer	Sean is the Non-Executive Chairperson of Peregrine Holdings Limited and 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 spent a cumulative 12 years in the position of Peregrine Group Chief Executive Officer, and a further eight years as either Deputy Chairperson or Non-Executive Chairperson. Sean is a dual British and South African citizen.
Sean Kevin Jelley (52) *B.Comm, G.Dip.Acc CA(SA)*	Chief Financial Officer	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 stock-broker, co-managing partner of a successful private equity fund, and previously CEO of Stenham Limited, a global alternative asset manager with more than US$5 billion of assets under management, including global hedge funds and UK and European real estate investments. Sean is a dual British and South African citizen.

Corporate Governance

GOVERNANCE STRUCTURE

The Board is committed to transparency, accountability, integrity and fairness, complying with the recommendations as set out in the King IV Report and applicable laws. The Board aims to integrate corporate citizenship into the Group's investment strategy and to embed sound corporate governance values and principles into daily operations and processes. The Group operates according to a Code of Ethics and Conduct, which is available for inspection on the Company's website.

The companies falling under the Group's offshore subsidiaries, SCIL and Sandown Ventures Limited, are governed by the laws and regulations applicable to their respective foreign jurisdictions.

THE BOARD AND BOARD COMMITTEES

The Board remains responsible and accountable for the performance of the Group and has full control over all the subsidiaries of the Group. The Directors acknowledge their responsibility to ensure that they have the necessary competency and working knowledge of the Group to lead ethically and effectively. The Board is committed to undertaking a formal self-assessment process annually to satisfy itself that it operates effectively according to an approved Board Charter, which sets out its duties and responsibilities. The Charter is reviewed annually, mandates compliance with the principles of the King IV Report and all relevant legislation, regulates the parameters within which the Board operates and demands that the Board represents and promotes the legitimate interests of the Group and its stakeholders, in a manner which is both ethical and sustainable.

The Board is made up of six individuals, including two Executive Directors (the Chief Executive Officer and the Chief Financial Officer) and four Non-Executive Directors, all of whom are classified as independent, including the Chairperson. The Independent Non-Executive Directors are individuals who objectively contribute a wide range of industry skills, knowledge and experience to the Board's decision-making process. These Directors are not involved in the daily operations of the Group. The responsibilities of the Chairperson and Chief Executive are clearly separated to ensure a balance of power and prevent any one Director from exercising unfettered powers of decision-making.

The Board at the date of this report comprises:

Executive Directors:

Sean Melnick (Chief Executive Officer)

Sean Jelley (Chief Financial Officer)

Independent Non-Executive Directors:

Lawrie Brozin (Chairperson)

Andrew Hannington

Cindy Hess

Duncan Randall

The Company's Memorandum of Incorporation (MOI) provides for one-third of the Non-Executive Directors to retire by rotation each year. Accordingly, two of the Non-Executive Directors will retire at the upcoming Annual General Meeting and have advised that they are available to stand for re-election. In terms of the MOI, the Board recommends to shareholders that the retiring Directors who are eligible and available for re-election be re-elected.

The Board meets at least four times a year, with *ad hoc* meetings convened when necessary, to consider and make investment decisions, and to review strategy, financial performance, resources, risk and compliance, corporate governance, transformation, diversity, and matters of social and ethical importance.

Sandown Capital has an established Audit and Risk Committee, a Remuneration Committee and a Social and Ethics Committee, all of which assists the Board in discharging its collective responsibility of sound corporate governance. All committees were found to have satisfied their responsibilities in compliance with their formal terms of reference. The Board periodically assesses the composition of the committees and the functions carried out by the Non-Executive Directors as members of the various committees.

There is transparency and full disclosure from Board committees to the Board. The committee chairpersons provide feedback to the Board on committee activities and the minutes of all committee meetings are tabled at Board meetings. In addition, the chairpersons of the committees attend the Company's Annual General Meeting to answer any questions from stakeholders pertaining to the relevant matters handled by their respective committees.

The nominations function is the responsibility of the Board and the selection, appointment and approval of new Directors is therefore undertaken by the Board as a whole, in a formal and transparent process. All new Board appointments are approved/ confirmed by shareholders at an Annual General Meeting following their appointment.

Corporate Governance continued

Audit and Risk Committee

Members: Andrew Hannington (Chairperson), Cindy Hess and Duncan Randall. In addition, the Chief Financial Officer and external auditors attend all meetings as invitees.

The committee meets at least three times per year.

Remuneration Committee

Members: Duncan Randall (Chairperson), Cindy Hess and Andrew Hannington. In addition, the Chief Executive Officer attends all meetings as an invitee.

The committee meets at least twice per year.

Social and Ethics Committee

Members: Cindy Hess (Chairperson), Andrew Hannington and Duncan Randall. In addition, the Chief Executive Officer and the Chief Financial Officer attend all meetings as an invitee.

The committee meets at least twice per year.

The chairperson of the respective committees may meet with the Executive Directors and/or the Company Secretary prior to a meeting to discuss important issues and agree on the agenda.

Board and Committee meeting attendance

Director	Category	**Main Board**	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee
Lawrie Brozin (Chair)	Non-Exec	2 (3)	–	–	–
Sean Melnick (CEO)	Executive	3 (3)	–	–	–
Sean Jelley (CFO)	Executive	3 (3)	1 (1)[4]	1 (1)[4]	1 (1)[4]
Andrew Hannington[1]	Non-Exec	3 (3)	1 (1)[1]	1 (1)	1 (1)
Cindy Hess[2]	Non-Exec	3 (3)	1 (1)	1 (1)	1 (1)[2]
Duncan Randall[3]	Non-Exec	3 (3)	1 (1)	1 (1)[3]	1 (1)
Mandy Yachad[5]	Non-Exec	1 (3)	–	–	–

1 Chairperson of Audit and Risk Committee
2 Chairperson of Social and Ethics Committee
3 Chairperson of Remuneration Committee
4 By invitation
5 Resigned 29 November 2017

APPOINTMENT AND DELEGATION OF MANAGEMENT

Sandown Capital has contracted with an external investment advisor to provide investment advisory and related corporate executive services on an exclusive basis. The CEO and CFO are seconded to the Company by the investment advisor. In terms of the investment advisory agreement, the advisor shall second suitably qualified Executive Directors to act in the positions of CEO and CFO of the Group, whose appointment and any change thereto is subject to the written approval of the Board.

The investment advisory agreement governs the direction and parameters of the duties and responsibilities of the investment manager, the Executives Directors and the Board. The term of the advisory agreement is five years, terminating on 31 March 2023, or earlier under certain circumstances.

Notwithstanding the terms of the management agreement, the Board evaluates the performance of the CEO, who remains accountable to the Board. The Audit and Risk Committee is responsible for the evaluation of the performance of the CFO. In addition, the Remuneration Committee has been tasked with carrying out an annual review of the quality and cost-effectiveness of the investment management services provided under the investment management agreement. Where deemed necessary, the Committee may contract independent external advisors to assist in this regard. Unless invited to do so by the Chairperson, the Executive Directors do not participate in the annual review of the investment manager and the assessment of the services it provides.

The Board has responsibility to manage succession planning on an ongoing basis, both in terms of the Executive Directors and the investment advisor itself. The Board is confident that the plans that it has in place in this regard are appropriate.

Corporate Governance continued

APPOINTMENT AND DELEGATION OF MANAGEMENT CONTINUED

The Board is responsible for identifying and managing any potential conflict of interest between the investment advisor, the Executive Directors and the Group. The Executive Directors and the investment advisor are required to disclose any interest(s) they may have in any transaction or investment. Should a conflict arise, the Non-Executive Directors will consider the facts of the case(s) and after due consideration, and if deemed appropriate, advise on a remedy.

COMPANY SECRETARY

The Company Secretary, CIS Company Secretaries Proprietary Limited (CIS), is responsible for ensuring that Board processes are in compliance with relevant legislation and are adhered to. Where required, Sandown Capital's Sponsors and other relevant experts and/or professional advisors may be invited to provide advice to the Board so that the Directors have sufficient information to discharge their duties.

CIS Company Secretaries is led by Gillian Prestwich as the principal consultant. Gillian holds a:

- BA degree (University of the Witwatersrand);
- Fellowship of the Institute of Chartered Secretaries and Administrators (FCIS); and
- Diploma in International Trust Management (TEP).

She has extensive experience in the company secretarial and corporate governance arenas, both locally and internationally. In line with the JSE Listings Requirements, the Board undertook an annual performance appraisal of the Company Secretary. The Board was satisfied with the quality of assistance received as well as the knowledge, competence and experience of the incumbent.

The Company Secretary is neither a director nor employee of the Company or any of its subsidiaries and accordingly, maintains an arm's-length relationship with the Company and the Directors.

The Company Secretary keeps records of meeting attendance registers, meeting minutes, Directors' declarations of personal interests, and all notices and circulars issued by the Company. CIS, is a well-established and highly experienced firm of Company Secretaries and the Board is satisfied that it has the necessary skills and experience to carry out its duties in a professional and independent manner.

RISK GOVERNANCE

While the Board is ultimately responsible for the management of risk, it relies on the investment advisor and the Executive Directors to operate within control structures and frameworks established by the Board and has delegated the responsibility for the monitoring and assessment of these risk parameters to the Audit and Risk Committee.

Specifically, the objectives of the Audit and Risk Committee in this regard are to ensure that:

- key areas of risk are identified, analysed and assessed;
- appropriate risk management recommendations are made to the Board;
- the investment managers/executives' risk responses are appropriate and adequate; and
- the risk management process is effective.

Corporate Governance continued

RISK GOVERNANCE CONTINUED

The most significant risks faced by the Group are identified as:

Risk	Mitigation/Response
Financial risk: The risk of financial loss as a consequence of poor investment decisions, inappropriate finance structures, etc., which may impair the Group's ability to achieve an adequate level of investment returns	– Competence and experience of the investment manager – Board oversight of all investments – Adherence to the investment strategy – Focus on investment return objective – Alignment of investment returns and investment manager rewards
Liquidity risk: The risk of not being able to meet funding obligations when they fall due	– Stringent cash flow and working capital monitoring – Liquid nature of the Treasury assets – Put in place appropriate banking/funding arrangements
Credit risk: The risk of loss as a consequence of the default of a counterparty/portfolio company	– Diversified investment of cash resources/legacy assets – Board oversight of all investments – Competence and experience of the investment manager – Conduct of thorough due diligence process prior to investment
Market risk: The potential change in the value of a financial instrument resulting from changes in market conditions	– Monitoring of investments and sensitivity analysis – Avoid concentration risk where possible
Investment risk: The risk that a return on an investment might be lower than projected	– Competence and experience of the investment manager – Ongoing monitoring of investments – Succession plan (investment manager and Executive Directors)
Foreign Exchange risk: The risk of financial loss as a consequence of fluctuations in foreign exchange rates	– Diversification of investment assets across multiple currencies – Diversification of cash resources across multiple currencies
Market conduct risk: The risk of inappropriate, unethical or unlawful behaviour on the part of the investment managers and/or Directors	– Prohibition of trading in company shares during closed periods, or when the Company is trading under cautionary – Pre-authorisation required before any Director share trades – Avoidance and/or close monitoring of any conflicts of interest(s)
Reputational risk: The risk of any type of loss resulting from damage to the Group's reputation	– Code of Ethics and Conduct in place – Investee companies' adherence to Code of Ethics and Conduct
Country risk: A collection of risks associated with investing in a particular country	– Ongoing monitoring of political and economic environments

Corporate Governance continued

REMUNERATION COMMITTEE REPORT

As at the date of this report, the Remuneration Committee had a limited scope due to the fact that Sandown Capital has no employees. The Executive Directors are employees and representatives of the external investment manager and are seconded to the Company in terms of the investment advisory agreement. The Remuneration Committee held its inaugural meeting on 6 March 2018. The meeting was attended by the Chairperson, both Remuneration Committee members and the Company Secretary. Sean Jelley, the CFO, attended by invitation. In addition, the Remuneration Committee adopted its terms of reference for submission to the Board for approval, which approval was obtained on 6 March 2018.

Remuneration Policy

Given the nature of the Company as set out above, the Company's remuneration policy is not exhaustive. In terms of the policy, the remuneration of the CEO and CFO for their services as directors of the Company are accordingly borne by the investment advisor and form part of the fees payable by the Group to the investment advisor for investment advisory services provided. These fees do not accrue to the individual Directors in their personal capacity. In terms of their contracts with the investment manager, the CEO and CFO each receive basic remuneration and a share of the after tax profits of the investment manager.

As such, the scope of the Remuneration Committee with regard to the remuneration policy is limited to:

- making recommendations with regard to Non-Executive Directors fees, for tabling at each Annual General Meeting of the Company; and
- carrying out an annual review of the quality and cost-effectiveness of the investment management services provided under the investment management agreement. Where deemed necessary, the Remuneration Committee may contract independent external advisors to assist in this regard. Unless invited to do so by the Chairperson of the Remuneration Committee, the Executive Directors do not participate in the annual review of the investment manager.

The remuneration policy will be expanded should such a need arise.

Remuneration Implementation Report

Prior to the Peregrine restructure, Mandy Yachad was the sole director of the Company. With effect from 1 October 2017, his role changed to that of a Non-Executive Director, which position he held until his resignation on 29 November 2017. His remuneration is accordingly disclosed in note 11.1 of the 2018 annual financial statements. The CEO and CFO did not receive any remuneration from Sandown Capital during the period under review.

The Non-Executive Directors were paid by the Company for their services as directors of the Company and their various committee memberships during the period under review and in line with their respective responsibilities. The details of their full remuneration is disclosed in note 11.2 of the 2018 annual financial statements and was paid in respect of the six months ended 31 March 2018, being the period which the Non-Executive Directors served as directors of the Company from their date of appointment.

The Remuneration Committee recommended to the Board that the Non-Executive Director fees as set out in the Company's pre-listing statement dated 14 November 2017 and note 11.2 of the 2018 annual financial statements remain unchanged for the year-ending 31 March 2019. These fees, which require shareholder approval at the forthcoming Annual General Meeting of the Company, are set out below:

Corporate Governance continued

REMUNERATION COMMITTEE REPORT CONTINUED

Annual fees (Rands)	**Main Board**	**Audit and Risk Committee**	**Remuneration Committee**	**Social and Ethics Committee**
Chairperson	400,000	120,000	50,000	50,000
Member	160,000	90,000	40,000	40,000

With regard to the annual assessment of the investment advisor, the Remuneration Committee resolved that there has not been sufficient time since the commencement of the investment advisory agreement in October 2017 to be able to properly assess the performance of the investment advisor, and that consequently the first assessment has been scheduled to take place around the anniversary of the commencement of the agreement (4 October 2018), for report back to the Remuneration Committee and recommendation to the Board on conclusions reached, and whether or not further engagement is required. The conclusions reached by the Remuneration Committee with respect to the most recent assessment performed will be included annually in the annual remuneration report included in the Integrated Annual Report.

The Board will review the Remuneration Policy and the Remuneration Implementation Report annually in accordance with King IV and the JSE Listings requirements. Both the Remuneration Policy and the Remuneration Implementation Report will be tabled annually at the Company's Annual General Meeting, to be endorsed by shareholders, each by way of separate non-binding advisory votes.

This allows shareholders to express their views on the Company's Remuneration Policy and the Remuneration Implementation Report. In the event of 25% or more shareholders voting against the non-binding resolutions pertaining to the Remuneration Policy and the Remuneration Implementation Report, the Board and the Remuneration Committee is committed to engaging with shareholders in order to address all legitimate and reasonable objections and concerns.

Duncan Randall
Remuneration Committee Chairperson

Corporate Governance continued

ACCOUNTING AND AUDITING

The Audit and Risk Committee reviews and monitors the scope of work planned by the external auditors and ensures that they adopt a risk-based approach. Deloitte & Touche were appointed as independent external auditors during 2016 and are responsible for reporting on whether the financial statements in all material respects are fairly presented in compliance with IFRS and the Companies Act. The preparation of the financial statements remains the responsibility of the Directors.

The Audit and Risk Committee regularly meets with the external auditors and evaluates their independence on an ongoing basis. Where the external auditors are appointed to provide non-audit services, the Audit and Risk Committee ensures that the nature of the services and the size of the fee does not impair their independence.

INTERNAL CONTROL

The Board is responsible for the Group's systems of internal controls, such as the Directors deem necessary, so as to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management. The Audit and Risk Committee assists in this regard, in evaluating the adequacy and effectiveness of internal control systems and processes, and monitoring whether internal control recommendations, if any, have been implemented.

The systems of internal controls are designed to manage rather than eliminate risk. The systems are also designed to safeguard and maintain accountability of the Group's assets. Further, these systems should identify and curtail significant fraud, potential liability, loss and material misstatement, while complying with applicable statutory laws and regulations.

After consideration of the Group's structure as an investment holding entity, and the absence of complexity in its operating model, the Board has agreed, on recommendation from the Audit and Risk Committee, that the set-up of a separate internal audit function, and the appointment of an internal auditor, would not be cost-effective or add value to Sandown Capital's corporate governance processes. The decision as to the Group's requirement for an internal audit function is reviewed annually by the Audit and Risk Committee.

ASSURANCE

The Audit and Risk Committee ensures that the appropriate internal controls are implemented and operational across the Group throughout the financial year. This, combined with an effective risk management process and the support of the external audit process, underpins the Group's reliance on its combined assurance model.

IT GOVERNANCE

The Board assumes overall responsibility for supervision of IT risk, assisted by the Audit and Risk Committee. Given the investment holdings nature of the Group, and the absence of operational complexity, the Group's reliance on IT systems is limited and the risks that may occur in the event of an IT outage or any other IT-related incident are considered remote, and any consequences thereof, immaterial.

COMPLIANCE

While responsibility for the implementation and execution of effective compliance management has been delegated to the investment manager, the Board assumes overall responsibility to ensure compliance with all applicable laws, regulations, codes of conduct, and standards. Where required, the Board may consider the need to receive periodic independent assurance on the effectiveness of compliance management.

The Board's present assessment of the Group's compliance risk is low, given the absence of operational complexity inherent on the investment holdings nature of the Group and the assurance provided by the external audit function.

Sustainability Statement

STAKEHOLDER RELATIONSHIPS

As a business that operates in multiple investment markets, the relationships, underpinned by trust and reputation management, between Sandown Capital and its respective stakeholders are essential to the long-term sustainability of the Group. The Board recognises this and adopts a stakeholder-inclusive approach designed to balance the needs, interests and expectations of material stakeholders in the best interests of the Group over time, as mandated in the Board Charter.

Sandown Capital Limited has identified its stakeholders as individuals or groups who potentially affect, or are affected by, the Group and its operations. These include stakeholders with a material influence such as shareholders, providers of capital, investors, business partners, regulatory authorities and, more broadly, the community in which the Group operates, the media and society at large.

Stakeholder Group	How do we engage with our stakeholders	Why we value our stakeholders	What do our stakeholders expect from us
Shareholders/ Providers of capital	■ Annual General Meeting (AGM) ■ Regular one-on-one interactions ■ Integrated Report, SENS, results announcements posted on website, published in business press and posted to shareholders	Provide financial capital to drive growth	Sustainable returns underpinned by responsible investing, sound corporate governance and accurate reporting
Regulatory authorities and Industry bodies	■ Review of standards issued by regulators as well as submission of regulatory returns ■ Ongoing written communication ■ Membership of relevant industry bodies	Regulatory oversight/orderly markets	Regulatory compliance
Portfolio/Investee Companies	■ Shareholder agreements, Board and committee representation and on-site visits	Create/grow the Group's value	Transparency, corporate guidance, and financial and strategic support
Communities/Society	■ Enterprise development and procurement practices that are in support of black-owned businesses ■ Financial support of Nala B-BBEE ventures	Good corporate citizenship	To contribute positively and effect change in the broader society in which the Group operates

TRANSFORMATION

Sandown Capital is committed to transformation, not only for the Group's sustainability, but also as a means to make a meaningful contribution in the larger South African society in which it operates. The Board, through the Social and Ethics Committee, is responsible for setting out the Group's objectives in this regard, and for monitoring performance against these objectives on an ongoing basis.
The nature of Sandown Capital's business, being as it is an investment holdings entity without employees, and with few service providers, is such that its ability to drive and influence transformation outside of investments is limited.

The Board's transformation strategy has been designed with reference to the five key elements of a standard B-BBEE plan:

- Ownership (as a non-operating, investment holdings company, transformation is limited in this category);
- Management control (management is outsourced to an offshore-based, independent investment manager, so any impact is limited to the composition of the Board);
- Skills development (the Company has no employees, so this is not applicable);
- Enterprise and supplier development (this was an area where it was felt that the Company could have an impact, through its strategic focus on partnering B-BBEE partners in investment opportunities); and
- Socio-economic development (this was an area where it was felt that the Company could have an impact).

EMPLOYMENT EQUITY

The Group has no employees, so scope for transformation is limited in this regard.

SKILLS DEVELOPMENT AND TRAINING

The Group has no employees, so scope for transformation is limited in this regard.

PREFERENTIAL PROCUREMENT

The Group is committed to developing committed and supportive relationships with B-BBEE service providers and will, wherever possible, focus on procurement as a strategic imperative to address a broader base of economic interest and growth for black-owned companies.

ENTERPRISE DEVELOPMENT

As an investment holdings company, Sandown Capital Limited's ability to drive enterprise development is focused on partnering with B-BBEE-partners in investment opportunities.

Sustainability Statement continued

SOCIO-ECONOMIC DEVELOPMENT

Sandown Capital's cornerstone transformation initiative is to empower communities through its associate South African-based empowerment vehicle, Nala, and the three underlying trusts which make up its black-owned majority shareholder, namely; the Peregrine Educational Trust, the Peregrine Community Development Trust and the Employee Portfolio Investment Trust.

The key area that the Board has identified in which the Group has the ability to promote transformation, is corporate social investment via its B-BBEE (Broad-based black economic empowerment) associate venture, Nala, which is 70% majority black-owned by three community-based trusts, namely, the Peregrine Educational Trust (35%), the Peregrine Community Development Trust (15%) and the Employee Portfolio Investment Trust (20%). Sandown is the principal funder of Nala's investments in South Africa. The three trusts were established, when Sandown Capital was a wholly-owned subsidiary of the Peregrine Group, to benefit Peregrine's black staff, to aid in community development and to promote the advancement of disadvantaged individuals through education.

In order to comply with the requirements of the B-BBEE Act, the B-BBEE Amendment Act and the subsequent B-BBEE Regulations, in terms of which all JSE listed companies are required to submit an annual compliance report to the B-BBEE Commission. The annual compliance report will be based on Sandown Capital's B-BBEE certificate, which takes into account that it has no employees and is merely an investment holding company, including the holding company of offshore entities to which B-BBEE is not applicable. The annual compliance report for the year-ended 31 March 2018 will be submitted to the B-BBEE Commission within 30 days of this Report and has been posted on the Company's website.

BOARD REPRESENTATION

At financial year-end the Board included one black, female Independent Non-Executive Director, Cindy Hess, equating to 17% black and 17% female representation. Cindy is a member of the Audit and Risk and Remuneration Committees and is Chairperson of the Social and Ethics Committee. In respect of Independent Non-Executive Directors, both the black and female representation is presently 25%. The Board recognises the importance and value added by diversity in the composition of the Board and as such has drawn up a Promotion of Gender and Race Diversity Policy, the purpose of which is to set out the approach to gender and race diversity relating to future appointments to the Board.

POLICY ON THE APPOINTMENT OF DIRECTORS

In line with King IV, the Board appreciates the need to have a diverse membership and is committed to promoting diversity in its membership across a variety of attributes relevant for promoting better decision-making and effective governance, including field of knowledge, skills, experience as well as age, culture, race and gender. As a responsible corporate citizen, the Board considers the development of gender and racial diversity at all levels of the Company as important. Given the limited scope available to make an impact in this regard, due to the investment nature of the Company and its outsourced operations model, the Board's strategy as at the date of the policy, is to consider the diversity of gender and race, in particular, in making future Board appointments. Where appropriate, the Board will encourage all investee companies to implement a gender and racial diversity policy, and to maintain diversity at each investee company's board.

CORPORATE CITIZENSHIP

The Board assumes responsibility for ensuring that Sandown Capital is and is seen to be a responsible corporate citizen. The Social and Ethics Committee provides direction and oversight, ensuring that the Group complies with the Constitution of South Africa, including the Bill of Rights, the laws applicable to the jurisdictions in which it operates, leading standards and adherence to Sandown Capital's own Code of Conduct and Ethics.

Sandown Capital's Code of Conduct and Ethics was drawn up for, and approved by, the Social and Ethics Committee, and is reviewed annually by the Social and Ethics Committee to ensure that it remains relevant and appropriate. The Code is published on the Company's website.

Sandown Capital acknowledges that its key role as an investment holdings company is to protect, manage and grow its investment assets and to deliver sustainable value. In addition to assessing economic return, Sandown Capital takes into account environmental, social and governance concerns when assessing potential investments.

The Social and Ethics Committee has determined that a key area of focus for the Group should be to ensure that investee companies adhere to the Group's principles of good corporate citizenship and that this be incorporated into the standard due diligence process conducted prior to any investment being made. The Social and Ethics Committee has approved a Corporate Citizenship Checklist, based on the Group's Code of Conduct and Ethics, which the investment manager reports on as part of the investment advisory process. In addition, the investment manager is required to obtain confirmation from investee companies that they subscribe to the UN Global

Sustainability Statement continued

Compact Principles and OECD recommendations regarding corruption.

SOCIAL AND ETHICS COMMITTEE REPORT

The Social and Ethics Committee held its inaugural meeting on 6 March 2018. The meeting was attended by the Chairperson, both Social and Ethics Committee members and the Company Secretary. Sean Jelley, the CFO, attended by invitation. The Social and Ethics Committee adopted its terms of reference for submission to the Board for approval, which approval was obtained on 6 March 2018.

An annual workplan was adopted, which plan will be reviewed annually. The key elements of the Social and Ethics Committee's governance mandate were split into two strategic categories, namely: Sustainability, and Corporate Social responsibility. In respect of the Sustainability strategy, the Social and Ethics Committee identified the key focus areas as succession planning and B-BBEE (Broad-based black economic empowerment) initiatives. In respect of the Corporate Social Responsibility strategy, the Social and Ethics Committee concluded that as an investment company the Group would have the greatest impact through focusing on B-BBEE investment opportunities, and in particular through continuing to provide financial support to its existing B-BBEE partner, Nala.

The Social and Ethics Committee identified that the Group required a Code of Ethics and Conduct, which Code was duly drawn up and was submitted to the Board for approval. On adoption, the Code was made available on the Company's website.

In addition, the Social and Ethics Committee resolved that the investment advisor be mandated to ensure that all existing and future investments made by the Group complied with the Code of Ethics and Conduct and that investee companies be obliged to adopt the Code as a mandatory condition of investment.

The Board will review the Social and Ethics Policy and the Social and Ethics Implementation Report annually in accordance with King IV and the JSE Listings requirements. Both the Social and Ethics Policy and the Social and Ethics Implementation Report will be tabled annually at the Company's Annual General Meeting, to be endorsed by shareholders, each by way of separate non-binding advisory votes. This allows shareholders to express their views on the Company's Social and Ethics Policy and the Social and Ethics Implementation Report.

Cindy Hess
Social and Ethics Committee Chairperson

King IV Principles: Checklist

Sandown Capital's Board is committed to transparency, accountability, integrity and fairness, complying with the recommendations as set out in the King IV Report and applicable laws. In designing its corporate governance structure, and in compiling this Integrated Annual Report, the Company has used the following checklist to ensure adherence to the Code's key principles. The substance of Sandown Capital's corporate governance is set out in the body of the Integrated Annual Report, in the applicable section. This checklist is designed to highlight the areas of non-compliance and reasons therefor.

The applicability of the key Principles as set out in King IV to the governance practices of the Group, and its adoption thereof, is set out below:

PRINCIPLE 1:

The governing body shall lead ethically and effectively
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 2:

The governing body shall govern the ethics of the organisation in a way that supports the establishment of an ethical culture
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 3:

The governing body shall ensure that the organisation is and is seen to be a responsible corporate citizen
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 4:

The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance, and sustainable development are all inseparable elements of the value creation process.
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 5:

The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium-and long-term prospects
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 6:

The governing body should serve as the focal point and custodian of corporate governance in the organisation
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 7:

The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 8:

The governing body should ensure that the arrangements for delegation within its own structures promote independent judgement, and assist with the balance of power and the effective discharge of its duties.
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 9:

The governing body should ensure that the evaluation of its performance and that of its committees, its chair and its individual members, support continued improvement in its performance and effectiveness.
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 10:

The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effectiveness of authority and responsibilities
Adherence level: High.
Reasons for non-adherence: N/A

King IV Principles: Checklist continued

PRINCIPLE 11:

The governing body should govern risk in a way that supports the organisation in setting and achieving the strategic objectives
Adherence level: High
Reasons for non-adherence: N/A

PRINCIPLE 12:

The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives
Adherence level: Low
Reasons for non-adherence: Reliance on IT is low, given the Group's nature as an investment holdings business and reliance on independent third-party administrators.

PRINCIPLE 13:

The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes, and standards in a way that supports the organisation being ethical and a good corporate citizen
Adherence level: High
Reasons for non-adherence: N/A

PRINCIPLE 14:

The governing body should ensure that the organisation remunerates fairly, responsibly, and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short-, medium-and long-term
Adherence level: Low
Reasons for non-adherence: The Group has no employees as all services, including executive management, are outsourced.

PRINCIPLE 15:

The governing body 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 organisation's external reports
Adherence level: Medium
Reasons for non-adherence: The Audit and Risk Committee has deemed there is no need for an internal audit function, due to the low level of complexity inherent in the Group's business model and reliance on third party administrators.

PRINCIPLE 16:

In the execution of the governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time
Adherence level: High.
Reasons for non-adherence: N/A

PRINCIPLE 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
Adherence level: High.
Reasons for non-adherence: N/A

Sandown Capital Limited

Annual Financial Statements

FOR THE YEAR ENDED 31 MARCH

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Directors' Responsibility Statement

The directors are responsible for the preparation, integrity and fair presentation of the consolidated and separate annual financial statements of Sandown Capital Limited, comprising the statements of financial position at 31 March 2018, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the consolidated and separate financial statements which include a summary of the principal accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and comply with the requirements of Companies Act of South Africa and the Listings Requirements of the JSE Limited.

In addition, the directors are responsible for preparing the directors' report. The directors consider that in preparing the consolidated and separate financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all statements of IFRS that they consider to be applicable have been followed.

The directors are also responsible for maintaining an adequate and effective system of accounting records, for the safeguarding of assets and for developing and maintaining a system of internal controls that, among other things, will enable the preparation of the consolidated and separate financial statements that are free from material misstatement, including the preparation of the supplementary schedules included in these financial statements, whether due to fraud or error.

The directors have made an assessment of the ability of the Company and its subsidiaries to continue as a going concern and have no reason to believe that the businesses will not be a going concern in the year ahead.

The independent auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of Sandown Capital Limited, as identified in the first paragraph, were approved by the Board of Directors on 25 June 2018 and signed by:

Authorised Director
LZ Brozin
Chairperson
26 June 2018

Authorised Director
SK Jelley
Chief Financial Officer

Declaration by the Company Secretary

DECLARATION

In accordance with the provisions of section 88(2)(e) of the South African Companies Act 71 of 2008 (Companies Act). I certify that for the year-ended 31 March 2018 the Company has lodged with the registrar of companies all such returns as are required of a company in terms of the Companies Act, and that all such returns are true, correct and up-to-date.

For and behalf of CIS Company Secretaries Proprietary Limited

Company Secretary
26 June 2018

Directors' Report

for the year-ended 31 March 2018

The directors present their report which forms part of the consolidated and separate financial statements (financial statements) for the year-ended 31 March 2018. The financial statements set out fully the financial position, results of operations and cash flows for the Company and the Group for the financial year-ended 31 March 2018.

The financial statements were prepared under the supervision of SK Jelley CA (SA), the Group Chief Financial Officer.

RESTRUCTURE TRANSACTIONS AND UNBUNDLING

Prior to the listing of Sandown Capital Limited on the Johannesburg Stock Exchange (JSE) and A2X on 29 November 2017 and the subsequent unbundling of its shares to shareholders of Peregrine Holdings Limited on 4 December 2017, Sandown Capital Limited was a wholly-owned subsidiary of Peregrine Holdings Limited (Peregrine).

In terms of a restructure of the Peregrine Group (Peregrine restructure) implemented in October 2017, all surplus non-operating assets held by Peregrine (i.e. excess cash, investment in hedge funds and other proprietary investments), were transferred to Sandown Capital Limited, with effect from 2 October 2017.

In total, some R1,026,310,243 of attributable net assets were transferred to the Group in terms of the restructure.

LISTING OF SHARES ON THE JSE LIMITED AND A2X

The ordinary shares of Sandown Capital Limited were listed on the JSE and A2X with effect from 29 November 2017. The pre-listing statement was published on 14 November 2017 and is available on the Company's website www.sandowncapital.com.

SHARE CAPITAL

Authorised shares

As at 31 March 2018 the authorised share capital of the Company comprised 500,000,000 (2017: 2,000) ordinary shares of no par value.

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.

Issued shares

As at 31 March 2018 the issued share capital of the Company comprised 226,065,696 (2017: 2,000) ordinary shares of no par value.

During the year, 226,063,696 ordinary shares of no par value were issued, as part of the Peregrine restructure, as follows:

- 161,182,841 shares were issued to Peregrine for a nominal consideration of R100 on 29 September 2017;
- 22,606,570 shares were issued to Peregrine at an aggregate issue price of R5.8536 per share, or a total subscription price of R132,329,549 for the acquisition by Sandown Capital Limited of 900 shares in Sandown Capital International Limited (SCIL), which shares were issued by SCIL in respect of the acquisition of, *inter alia*, Rinjani Holdings Limited (Rinjani), on 2 October 2017;
- 42,274,285 Sandown Capital Limited shares were issued to Peregrine at an aggregate issue price of R5.07865 per share, or a total subscription price of R214,696,298 which subscription price was set-off against a non-interest-bearing loan owing by Sandown Capital Limited to Peregrine arising out of the acquisition by Sandown Capital Limited of South African hedge fund assets, on 2 October 2017.

Unissued shares

The Directors may only issue unissued shares if such shares are offered to existing shareholders in proportion to their shareholding on such terms and in accordance with such procedures as the Directors may determine, unless, such shares are issued for the acquisition of assets by the Company. Notwithstanding the foregoing, shareholders may authorise the Directors to issue unissued shares and/or grant options to subscribe for unissued shares as the Directors in their discretion see fit, provided that the corporate action(s) to which any such share issue or grant of options of shares 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.

The Directors will ask shareholders for authority to place authorised, but unissued shares, under their control, at the forthcoming Annual General Meeting. In terms of the requested authority and subject to the provisions of the Companies Act and the JSE Listings Requirements, the Directors will not issue in any one financial year, more than 5% of the Company's issued ordinary share capital less the aggregate number of shares, if any, held by the Company and its subsidiaries from time to time, as treasury shares.

INVESTMENT ADVISOR

The external investment advisor was appointed to the Group with effect from 4 October 2017, for a fixed period ending 31 March 2023. A summary of the key terms of the investment advisory agreement, including the fee structures and early-termination clauses, were set out in the Company's pre-listing statement published on 14 November 2017. In terms of the agreement, the two Executive Directors of Sandown Capital Limited, being the Chief Executive Officer and the Chief Financial Officer, are representatives of the investment advisor and are seconded to the Company under the terms of the advisory agreement.

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, totalling R125 million, funded by a combination of the Group's cash resources and redemptions of hedge fund investments.

Directors' Report continued

for the year-ended 31 March 2018

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 Holdings Limited 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.

The Group's investment portfolio may comprise less than ten investments at any given time.

FINANCIAL RESULTS

The Group's results for the financial year were negatively impacted by the strengthening in the Rand exchange rates against the major world currencies. The majority of the Group's assets, either directly or indirectly, are denominated in UK Pounds (GBP, or £) or US Dollars, against which the Rand appreciated over the second half of the year by 8.3% and 12.1% respectively. In addition, the performances of the hedge funds over the second half of the year, both in South Africa and offshore, were negative, although largely in line with their respective peer groups.

Due to the large offshore (non-Rand) component of our investment portfolio, the Board tracks the performance of Sandown Capital Limited's key performance indicator (NAV per share) in both Rands and UK Pounds, the functional reporting currency of its largest subsidiary, SCIL.

The salient financial highlights for the year-ended, and as at 31 March 2018 are:

- NAV per share as at 31 March 2018 of 487 cents (4 October 2017: 520 cents per share), a decrease of 6.5% since completion of the restructure and implementation of the present investment strategy;
- NAV per share as at 31 March 2018 of GBP 29.33 pence (4 October 2017: GBP 28.76 pence per share), an increase of 1.7% since completion of the restructure and implementation of the present investment strategy;
- Investment losses of R44.1 million (2017: R31.9 million profit);
- Operating expenses of R23.9 million (2017: R8.6 million), of which R8.9 million related to one-off restructure and listing expenses;
- Operating losses of R68 million (2017: R23.3 million profit);
- Headline and Basic Losses of R51.4 million (2017: R19.8 million profit); and
- The majority of the Group's operating losses related to unrealised fair value adjustments on financial investments (in particular, with respect to the listed equity investment and the hedge funds).

ACQUISITIONS

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

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

- In December 2017, Sandown Capital Limited 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 (A2X). The R22 million acquisition was fully funded by Sandown Capital Limited, by way of a preference share structure.
- In March 2018, Sandown Ventures Limited, a wholly-owned subsidiary of SCIL, acquired a non-controlling 60% equity interest in Capital Step Holding Limited (CSH), an alternative finance solution provider to the small to medium enterprise (SME) market in the United Kingdom (UK) and Ireland, for an aggregate investment of R2,004. In addition, the Group advanced a shareholder loan to CSH and provided a five-year term loan to its specialist funding entity, Capital Step Funding Limited (CSF). 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.

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 of Peregrine were transferred to the Peregrine group for no consideration.
- Following the Peregrine restructure, Sandown Capital Limited disposed of two legacy private equity investments, 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 three redemptions totalling R68 million from its hedge fund portfolio, which redemptions were made from both the South African hedge funds (R25 million) and the offshore hedge funds (R43 million).

Directors' Report continued

for the year-ended 31 March 2018

DIRECTORATE AND COMPANY SECRETARY

CIS Company Secretaries Proprietary Limited was appointed as Company Secretary on 1 October 2017.

Mandy Yachad, previously the sole Executive Director of the Company, was appointed a Non-Executive Director on 3 October 2017, which role he fulfilled until his resignation on 29 November 2017, following the successful transition of the Company from a wholly-owned subsidiary of Peregrine to its listing on the JSE on Wednesday, 29 November 2017.

Lawrie Brozin, Sean Melnick, Sean Jelley, Andrew Hannington and Duncan Randall were appointed to the Board on 3 October 2017. With effect from 29 November 2017, Cindy Hess was appointed as an Independent Non-Executive Director.

DIRECTORS' SHAREHOLDING

On 31 March 2018, the directors and their associates held in aggregate 37,188,139 Sandown Capital Limited shares (2017: Nil), representing 16.5% (2017: Nil) of the issued share capital of the company.

The direct and indirect beneficial interests of the directors and their associates in the Company are set out in the table below:

Director	2018 Direct Beneficial	Indirect Beneficial	Total	% of issued share capital
Lawrie Brozin	–	6,000,000	6,000,000	2.7
Sean Melnick	29,437,275	–	29,437,275	13.0
Sean Jelley	1,750,000	–	1,750,000	0.8
Andrew Hannington	–	864	864	0.0
Cindy Hess	–	–	–	0.0
Duncan Randall	–	–	–	0.0
Total	31,187,275	6,000,864	37,188,139	16.5

The directors confirm that there have been no changes in the interests of the directors and/or their associates between the end of the financial year and the date of approval of the annual financial statements.

SUBSIDIARIES

The Group has two operating subsidiaries, namely:

- SCIL, a wholly-owned investment holding company registered and operating in Guernsey; and
- Sandown Ventures Limited, an investment holdings entity registered and operating in Guernsey, which is a wholly-owned subsidiary of SCIL.

Portfolio investments in which the Group has a majority non-controlling interest (Capital Step Holdings Limited and Rinjani Holdings Limited) are fair value accounted as financial investments, through profit and loss designated at inception.

The aggregate losses after taxation attributable to Group companies amounted to R50.6 million (2017: Nil).

INDEPENDENT AUDITORS

Deloitte & Touche were appointed with effect from 1 October 2016 and will continue in office in accordance with the Companies Act subject to the approval of the shareholders at the upcoming Annual General Meeting.

DIVIDENDS

The Company declared and paid a dividend amounting to R2.5 million (2017: R13 million) in respect of the year-ended 31 March 2018. The dividend was paid when the Company was a wholly-owned subsidiary of Peregrine.

BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation, the borrowing powers of the Directors are unlimited and the Directors may exercise all powers of the Company to borrow money, as they may consider appropriate.

EVENTS SUBSEQUENT TO REPORTING DATE

The Directors are not aware of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements, which significantly affect the financial position of the Group or the results of its operations.

Audit and Risk Committee Report

The Audit and Risk Committee (the Committee) comprises three Independent Non-Executive Directors, namely Andrew Hannington (Chair), Cindy Hess and Duncan Randall.
In accordance with the Committee's Terms of Reference, at the upcoming Annual General Meeting all three will be up for re-election as members of the Audit and Risk Committee.

A short resume for each of these Directors can be found in the Directorate section of this Integrated Annual Report, demonstrating their suitable skill and experience to serve on the committee.

The committee meets at least three times per year. Special meetings are convened as required. Attendance for the year under review is set out in the Corporate Governance section of this Integrated Annual Report.

An effectiveness evaluation is performed annually in terms of which the Board satisfies itself that each committee member has the suitable skills and experience to serve on the Audit and Risk Committee.

The responsibilities of the Committee, as set out in the Audit and Risk Committee Terms of Reference, include:

- Reviewing the external audit annual work plans and reports;
- Reviewing the Group's key risk framework and assessing risk mitigation strategies;
- Reviewing legal and compliance matters that could have a significant impact on the financial statements;
- Monitoring internal control frameworks and procedures, including accounting policies, legislative compliance, regulatory matters and governance;
- Reviewing the effectiveness of internal controls, including IT controls and risk management, based on reports from the Chief Financial Officer;
- Recommending the appointment of external auditors, who in the opinion of the Committee are independent of the Company, for approval by the shareholders at the Annual General Meeting;
- Approving the remuneration for the external auditors and an assessment of their performance;
- Performing an annual assessment of the independence of the external auditors;
- Setting the principles for recommending the use of external auditors for non-audit services;
- Advising and updating the Board on issues ranging from accounting standards to published financial information;
- Reviewing the consolidated and separate financial statements, and Results SENS announcement;
- Assessing combined assurance from the external auditors and the Executive Directors and ensuring that the combined assurance received is adequate to address all material risks; and
- Monitoring compliance with laws and regulations.

The Audit and Risk Committee is satisfied with the efficacy and independence of Deloitte & Touche as the external auditor of the Company. In accordance with paragraph 3.84(g) (iii) of the JSE Listings Requirements the Committee has assessed the suitability of appointment of the external auditors and the designated audit partner.

The Committee is satisfied, in line with paragraph 3.84 (g) (ii) of the JSE Listings Requirements that the Company has established appropriate financial reporting procedures and that those procedures are operating.

The Committee oversaw the compilation of the Integrated Annual Report, including appointing individuals with appropriate skills and experience to assist in its preparation. The Committee reviewed the Directors' Responsibility Statement in the Annual Financial Statements and concur therewith. A member of the Committee reviews the final report prior to its publication.

The Committee has considered and is satisfied with the appropriateness of the key audit matters reported on by the external auditors.

Following the review of the Annual Financial Statements, the committee is of the opinion that, in all material respects they comply with the relevant provisions of the Companies Act of South Africa and IFRS, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and the JSE Listings Requirements, and that they fairly present in all material respects, the results of operations, cash flows and financial position of the Company of South Africa and the Group for the year-ended 31 March 2018.

The committee has recommended to the Board the entire Integrated Annual Report for approval. The Audit and Risk Committee is of the opinion that it has discharged its functions in terms of its Terms of Reference and as ascribed by the Companies Act of South Africa.

The committee has considered and is satisfied that the tenure of the external auditors has not compromised their independence and that no change be recommended.

The committee has further considered and is satisfied with the expertise and experience of the Chief Financial Officer, SK Jelley, and that of the finance function.

Andrew Hannington
Audit and Risk Committee Chairperson
Sandton
26 June 2018

Independent Auditor's Report

To the Shareholders of Sandown Capital Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Sandown Capital Limited (the Group) set out on pages 33 to 71, which comprise the statements of financial position as at 31 March 2018, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 March 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

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 Consolidated and Separate Financial Statements section of our report. We are independent of the Group and 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 consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters identified in relation to the audit of the separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
GROUP RESTRUCTURE	
The Peregrine Holdings Limited Group held a number of proprietary investments which it has restructured in a series of transactions to be ultimately held by the Group. The Group was unbundled to Peregrine Holdings Limited shareholders and was separately listed on the Johannesburg Stock Exchange ("JSE") in November 2017. The Group restructure has been recognised as a key audit matter due to the following: ■ The re-organisation and unbundling process represent a material, related party, once-off transaction to the Group. This transaction has a fundamental impact on the financial statements; ■ The process of moving the proprietary assets and the hedge funds to the Group involved a series of interconnected agreements between related parties; and ■ This process has resulted in significant interactions between the auditors and management in understanding the transactions to be undertaken to effect the reorganisation and unbundling. The process has resulted in significant audit effort to date, in obtaining the understanding of the transactions involved to effect the unbundling and reorganisation.	In response to the significant audit risk identified, we have performed the following audit procedures: ■ Evaluated the design and tested the implementation of relevant controls in respect of the re-organisation and unbundling process; ■ Inspected the legal agreements and pre-listing statement in order to understand restructure and unbundling process; ■ Evaluated the accuracy of the assets and liabilities transferred; ■ Our accounting and tax specialists evaluated the accounting and tax impact arising from the re-organisation; ■ Considered whether this evaluation is consistent with the Group's treatment of dividends distributed *in specie*; and ■ Evaluated the completeness and accuracy of the disclosure for the re-organisation in terms of IAS 24 Related Parties. Based on the above procedures, we found that the re-organisation and unbundling of SDC has been appropriately accounted for. The disclosure in note 23 of the consolidated financial statements was found to be appropriate.

Independent Auditor's Report continued

Key Audit Matter	How the matter was addressed in the audit
INVESTMENTS IN HEDGE FUNDS	
The Group's investment balance is dominated by hedge fund investments. There is a risk that the hedge fund investments are not valued appropriately, having a consequential impact on profit or loss. The investment in hedge funds has been recognised as a key audit matter due to the following: ■ The hedge funds make up 46% of the Group's net asset value. Therefore, value of the hedge funds has a significant impact on the overall consolidated financial statements; ■ The consequential allocation of audit effort to this account balance is significant in relation to the overall audit; and ■ The disclosures of hedge fund investments will be extensive.	In response to the significant risk identified, we have performed the following audit procedures: ■ Evaluated the design and tested the implementation of relevant controls in respect of the recognition of hedge fund investments, and the consequential impact on profit or loss; ■ Obtained a breakdown of the various funds valuations making up the total amount of hedge fund investments and related returns. Verified the breakdown agreed to the amount per the financial statements; ■ Obtained third party statements for each fund investment, and compared the amounts per the statements to the breakdown of financial investments in the financial statements; ■ Evaluated and substantively audited key reconciliations performed by management between the third-party statements and the general ledger and performed tests of detail on reconciling items; ■ Recalculated the profit and loss on redemptions that occurred during the current financial year; and ■ Evaluated the accuracy and completeness of disclosures in terms of IFRS 7 Financial Instruments: Disclosures and IFRS 13 Fair Value Measurement. We are satisfied that Note 2 and Note 20 present the hedge funds accurately, and the disclosures for the investments are complete.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information also comprises the Integrated Report, which is expected to be made available to us after the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company'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 the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's Report
continued

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 these consolidated and separate financial statements.

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 consolidated and separate 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 Group's and 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 Group's and 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 consolidated and 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 Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Sandown Capital Limited for year.

Deloitte & Touche

Deloitte & Touche
Registered Auditor
Per: Lesley Wallace
Partner
26 June 2018

Statements of Financial Position

as at 31 March 2018

		Group		Company	
	Notes	**2018 R'000s**	2017 R'000s	**2018 R'000s**	2017 R'000s
Assets					
Non-current assets		**632,747**	2,910	**171,450**	2,910
Financial investments	2	**588,949**	2,910	**841**	2,910
Investment in subsidiaries	3	**–**	–	**126,811**	–
Investment in associates	4	**22,949**	–	**22,949**	–
Deferred tax	7	**20,849**	–	**20,849**	–
Current assets		**590,358**	175,881	**457,637**	175,881
Financial investments	2	**507,094**	169,048	**440,973**	169,048
Intercompany balances		**–**	–	**1,812**	–
Trade and other receivables	5	**162**	218	**162**	218
Taxation		**6,672**	6,172	**6,672**	6,172
Cash and cash equivalents		**76,430**	443	**8,018**	443
Total assets		**1,223,105**	178,791	**629,087**	178,791
Equity and liabilities					
Equity and reserves		**1,101,687**	164,868	**497,312**	164,868
Share capital	6	**474,400**	127,374	**474,400**	127,374
Currency Translation Reserve		**(34,961)**	–	**–**	–
Accumulated profits		**662,248**	37,495	**33,532**	37,495
Non-current liabilities					
Deferred taxation	7	**–**	1,386	**–**	1,386
Current liabilities		**121,418**	12,537	**121,155**	12,537
Loans and other payables	8	**120,000**	9,234	**120,000**	9,234
Trade and other payables	9	**1,418**	3,303	**1,155**	3,303
Total equity and liabilities		**1,223,105**	178,791	**629,087**	178,791
Net Asset Value per share (cents)	14	**487**	102		

Statements of Comprehensive Income

for the year ended 31 March 2018

		Group		Company	
	Notes	**2018 R'000s**	2017 R'000s	**2018 R'000s**	2017 R'000s
Investment (losses)/income	10	**(44,103)**	31,887	**(344)**	31,887
Total revenue		**(44,103)**	31,887	**(344)**	31,887
Operating expenses	11	**(23,932)**	(8,643)	**(16,626)**	(8,643)
(Loss)/profit from operations		**(68,035)**	23,244	**(16,970)**	23,244
Net interest (paid)/received		**(5,636)**	296	**(6,133)**	296
Interest received	12.1	**736**	296	**237**	296
Interest paid	12.2	**(6,372)**	–	**(6,370)**	–
(Loss)/profit before taxation		**(73,671)**	23,540	**(23,103)**	23,540
Taxation credit/(expense)	13	**22,236**	(3,742)	**22,236**	(3,742)
(Loss)/profit for the year		**(51,435)**	19,798	**(867)**	19,798
Other comprehensive loss for the year net of taxation					
Items that can be classified subsequent to profit and loss:					
Currency translation differences		**(34,961)**	–	**–**	–
Total comprehensive (loss)/income for the year		**(86,396)**	19,798	**(867)**	19,798
Basic and diluted (loss) earnings per share (cents)		**(26.56)**	12.28		

Statements of Changes in Equity

for the year ended 31 March 2018

Group	Share capital R'000s	Currency Translation Reserve R'000s	Accumulated profits R'000s	Total equity R'000s
Balance at 31 March 2016	127,374	–	30,696	158,070
Total comprehensive income for the year	–	–	19,798	19,798
Transactions with owners recorded directly in equity:				
Dividends paid	–	–	(13,000)	(13,000)
Balance at 31 March 2017	**127,374**	**–**	**37,494**	**164,868**
Total comprehensive loss for the year	**–**	**(34,961)**	**(51,435)**	**(86,396)**
Transactions with owners recorded directly in equity:				
Restructure transactions (note 23)	**347,026**	**–**	**679,284**	**1,026,310**
Disposal of Peregrine treasury shares for no consideration	**–**	**–**	**(595)**	**(595)**
Dividends paid	**–**	**–**	**(2,500)**	**(2,500)**
Balance at 31 March 2018	**474,400**	**(34,961)**	**662,248**	**1,101,687**

Company	Share capital R'000s	Currency Translation Reserve R'000s	Accumulated profits R'000s	Total equity R'000s
Balance at 31 March 2016	127,374	–	30,696	158,070
Total comprehensive income for the year	–	–	19,798	19,798
Transactions with owners recorded directly in equity:				
Dividends paid	–	–	(13,000)	(13,000)
Balance at 31 March 2017	**127,374**	**–**	**37,494**	**164,868**
Total comprehensive loss for the year	**–**	**–**	**(867)**	**(867)**
Transactions with owners recorded directly in equity:				
Restructure transactions (note 23)	**347,026**	**–**	**–**	**347,026**
Disposal of Peregrine treasury shares for no consideration	**–**	**–**	**(595)**	**(595)**
Dividends paid	**–**	**–**	**(2,500)**	**(2,500)**
Balance at 31 March 2018	**474,400**	**–**	**33,532**	**507,932**

Statements of Cash Flow

for the year ended 31 March 2018

		Group		Company	
	Notes	**2018 R'000s**	2017 R'000s	**2018 R'000s**	2017 R'000s
Cash flows from operating activities		**(18,449)**	(35,090)	**6,283**	(35,090)
Cash utilised by operations	17	**(25,760)**	(17,794)	**(18,716)**	(17,794)
Interest received		**736**	296	**237**	296
Interest paid		**(6,372)**	–	**(6,370)**	–
Interest received from private equity investments		**1,507**	–	**41**	–
Dividend received from subsidiary		**–**	–	**34,057**	–
Dividend received from investments		**14,440**	264	**34**	264
Cash dividends paid		**(2,500)**	(13,000)	**(2,500)**	(13,000)
Taxation paid	18	**(500)**	(4,856)	**(500)**	(4,856)
Cash flows from investing activities		**(37,312)**	17,676	**21,598**	17,676
Proceeds from sale of financial investments		**87,965**	17,676	**44,680**	17,676
Acquisition of financial investments		**(102,328)**	–	**(133)**	–
Investment in associates		**(22,949)**	–	**(22,949)**	–
Cash flows from financing activities		**(23,556)**	13,564	**(20,306)**	13,564
Increase in intercompany balances		**–**	–	**3,250**	–
(Decrease)/increase in loans and other payables		**(23,556)**	13,564	**(23,556)**	13,564
Net (decrease)/increase in cash and cash equivalents		**(79,31)**	(3,850)	**7,575**	(3,850)
Net cash acquired in the restructure (note 23)		**170,567**	–	**–**	–
Currency impact on foreign cash balances		**(15,263)**	–	**–**	–
Cash and cash equivalents at beginning of year		**443**	4,293	**443**	4,293
Cash and cash equivalents at end of year		**76,430**	443	**8,018**	443

Notes to the Financial Statements

1. PRINCIPAL ACCOUNTING POLICIES

The financial statements incorporate the following principal accounting policies for the Group financial statements of Sandown Capital Limited, which are consistent with those applied in the previous year. All relevant International Financial Reporting Standards and interpretations effective 31 March 2018 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 2018 financial year. The accounting policies below apply to both the consolidated and separate financial statements.

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 the Financial Reporting Standards Council, the requirements of the Companies Act of South Africa and the JSE Listings Requirements. 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 Group'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 21.

1.1 Principles of consolidation

Subsidiaries are entities, including unincorporated entities controlled by the Group. The Group controls an entity when it has power over and 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 Group acquires control up to the date that control ceases.

Sandown Capital Limited 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 (IFRS 10). The Group applies the exception to consolidation to these subsidiaries, in line with Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28), and classifies these investments as "fair value through profit and loss".

With respect to the subsidiaries that either do not meet the requirements of an Investment Entity or where the Group has elected to not apply the consolidation exception, the acquisition method of accounting is used to account for the acquisition of subsidiaries. In these instances the cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus the value of any non-controlling interest measured in accordance with IFRS 3 plus the acquisition-date fair value of the Group's previously held equity interest in the acquiree. Costs attributable to such acquisitions are expensed when incurred. Identifiable assets acquired (including intangible assets) and liabilities and contingent liabilities assumed in the business combination are measured initially at their fair values, with the exception of those assets held for sale in terms of IFRS 5, which are recognised at their fair value less costs to sell, at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated on consolidation. Investments in subsidiaries are accounted for at cost less impairment where considered necessary. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments arising from additional information about facts and circumstances that existed at acquisition date. However, if the change is due to any other reason, the change is recognised consistent with the classification of the contingent consideration.

Transactions with non-controlling interest holders are accounted for as transactions with external third parties. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

1.2 Equity accounted investees

Equity accounted investees include associates, which are those entities over which the Group has the ability to exercise significant influence, but not control, over the financial and operating policies and investments in joint ventures. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. Equity accounting involves recognising the investment initially at cost, including goodwill, and subsequently adjusting the carrying value for the Group's share of equity accounted profit or loss and other comprehensive income recognised in the statement of comprehensive income. When the Group's share of losses exceeds its interest in an associate/joint venture, the carrying amount of the associate/joint venture, including any long-term investments, is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate/joint venture.

Notes to the Financial Statements continued

1.2 Equity accounted investees continued

Unrealised gains and losses arising from intercompany transactions are eliminated in determining the Group's share of equity accounted profits. Unrealised losses are eliminated to the extent that there is no evidence of impairment.

Where an investment which meets the definition of an associate is acquired and held for purposes of the Group's investment activities, it is not accounted for under the equity method but is classified as held at fair value through profit and loss and accounted for on the basis set out in accounting policy note 1.4.

1.3 Foreign currencies

Functional and presentation currency

Items included in the financial statements of the Group's entities are 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 Group's presentation currency. All amounts are rounded off to the nearest Rand.

Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currency are recognised in profit and loss.

Non-monetary assets and liabilities, measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates at the dates the fair value was determined.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the Group's presentation currency as follows:

- Assets and liabilities are translated at the foreign exchange rate ruling at the financial year-end date, and
- Income and expenses are translated at average exchange rates for the year, to the extent that such average rates approximate rates ruling at the dates of the transactions.

Exchange differences arising on the translation are recognised directly in a separate component of other comprehensive income and presented in equity (as a foreign currency translation reserve). The relevant proportionate share of the translation difference is allocated to non-controlling interest, where applicable. When a foreign operation is sold, such exchange differences are recognised on profit and loss as part of the gain or loss on sale.

1.4 Financial assets

Classification

The Group 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 includes the Group's investment into hedge funds and other investments, including loans to private equity portfolio companies, held as part of the Group's investment 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 Group has classified upon initial recognition as at fair value through profit or loss. Included in this category are trade and other receivables, non-investment-related 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 Group 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 Group 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.

Notes to the Financial Statements
continued

1.4 Financial assets continued

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 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 carried at amortised cost are impaired if there is objective evidence that the Group 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 Group 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. This impairment may be reversed in a subsequent period if the evidence of impairment is revised. 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.

De-recognition

Financial assets are derecognised if the Group's contractual rights to cash flows from the financial assets expire or if the Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control over the financial asset. Gains or losses on derecognition are recognised in investment income.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the statement of financial position when and only when, the Group 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 Group 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 Group'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.

Notes to the Financial Statements
continued

1.6 Financial liabilities continued

Classification and measurement

Financial liabilities 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.

De-recognition

Financial liabilities are derecognised if the Group's obligation specified in the contract expire or are discharged or cancelled. The difference between the carrying value of the financial liability derecognised and the consideration paid and payable is recognised in profit and loss.

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 Revenue

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

Principal sources of revenue comprises:

- gain on sale of financial investments (See note 1.4);
- changes in the fair value of assets classified as at fair value through profit or loss (see note 1.4);
- interest earned on loans made as part of the Group's investing activities;
- interest paid on hedge fund gearing; and
- dividend income.

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 Group estimates 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 Group uses the contractual cash flows over the full contractual term of the financial asset.

1.9 Operating lease payments

Leases in terms of which the Group 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.

1.10 Finance costs

Interest costs are recognised in profit and loss using the effective interest method.

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 and adjusted for items that are not taxable or deductible. The Group'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.

Notes to the Financial Statements
continued

1.11 Taxation continued

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.

Taxation balances that arise with respect to controlled-foreign-company income or losses are accounted for as Company assets and liabilities as the tax liability for the controlled-foreign companies is with the Company itself, not the respective foreign entities. The income and losses to which these assets and liabilities relate, being generated by subsidiaries of the Company, are recognised in the consolidated Group accounts.

1.12 Earnings per share

Basic earnings per share is calculated on the adjusted weighted average number of shares in issue, net of treasury shares in respect of the current year, and is based on the profit attributable to the ordinary shareholders. Undistributed earnings are allocated to shares not yet vested in accordance with their respective rights to participate in dividends. Headline earnings per share is calculated in terms of the requirements set out in Circular 02/2015 issued by SAICA.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. Diluted headline earnings is calculated in terms of the requirements of Circular 02/2015 issued by SAICA.

1.13 Dividends

Dividends are recognised in equity when declared.

2. FINANCIAL INVESTMENTS

		Group		Company	
		2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
2.1	**Non-current**				
	At fair value through profit and loss designated at inception				
	Equity investments				
	Listed Equities (note 2.3.1)	**358,913**	2,289	**–**	2,289
	Private equity investments:	**123,396**	57	**145**	57
	Rinjani (note 2.3.2)	**123,249**	–	**–**	–
	CSH (note 2.3.3)	**2**	–	**–**	–
	Firefly Private equity fund (note 2.3.4)	**145**	57	**145**	57
		482,309	2,346	**145**	2,346
	Loans and receivables				
	At fair value through profit and loss designated at inception				
	Private equity investments:	**106,640**	564	**696**	564
	Rinjani Shareholder Loan (note 2.3.2)	**5,062**	–	**–**	–
	CSF – Term Loan (note 2.3.3)	**83,435**	–	**–**	–
	CSH – Shareholders Loan	**17,447**	–	**–**	–
	Firefly Private equity fund (note 2.3.4)	**696**	564	**696**	564
		588,949	2,910	**841**	2,910

** The prior year Firefly loan outstanding of R564,208 which was previously included in current loans and receivables was reclassified in the current year as a non-current financial investment (the prior year figures have been restated).*

		Group 2018 R'000s	Group 2017 R'000s	Company 2018 R'000s	Company 2017 R'000s
2.2	**Current**				
	At fair value through profit and loss designated at inception				
	Private equity investments (note 2.3.5)	**–**	5,348	**–**	5,348
	Hedge funds (note 2.3.6)	**507,094**	163,700	**440,973**	163,700
		507,094	169,048	**440,973**	169,048

Notes to the Financial Statements
continued

2.3 Description of Investments

2.3.1 Listed Equities

Stenprop Limited (Stenprop)

As part of the Peregrine restructure, on 2 October 2017 the Group acquired 20,220,468 ordinary shares in Stenprop, a property-owning company dual-listed on the JSE and Bermuda stock exchanges. Stenprop is domiciled in Guernsey and is registered as a UK REIT, with property assets located in Germany, Switzerland and the United Kingdom.

The investment, representing approximately 6.9% of the outstanding shares in issue, is reported at fair value through profit and loss since inception. It is denominated in Rands, notwithstanding being held by SCIL, whose functional currency is UK Pounds, in recognition of the fact that the share volumes traded on the JSE constituted the substantial majority of the number of all shares traded over the year and consequently that the Rand-denominated closing share price represents the most accurate indicator of fair value.

Of the 20,220,468 ordinary shares acquired, for no consideration, 6,318,728 shares were acquired from Peregrine Guernsey Limited and 13,901,740 shares were acquired from Stenham Limited, both wholly-owned subsidiaries of the Peregrine group. The aggregate value of the shares acquired, based on the closing share price of Stenprop on the JSE as at 29 September 2017 of 1 895cps, was R383,177,869, which entire amount was recognised directly in equity. Movements in the fair value of the investment are recognised as investment income, through profit and loss.

Disposals – African Dawn Capital Limited

Prior to the Peregrine restructure, the Company disposed of 1,992,500 shares in African Dawn Capital Limited, realising a capital loss of R8,015,444 on the investment, which loss was included in investment income together with the reversal of fair value impairments recognised in prior years.

2.3.2 Private equity investments: Rinjani

The Group acquired a 79.81% equity interest in Rinjani, a property holdings company registered in the British Virgin Islands (BVI), as part of the Peregrine restructure on 2 October 2017, together with a shareholder loan outstanding of R5,518,894 (£304,647) due by Rinjani. In consideration thereof, Sandown Capital Limited issued Peregrine with 22,606,570 ordinary shares for an aggregate value of R132,331,256. The Group does not control the board of Rinjani, whose functional and presentational currency is UK Pounds, and classifies the investment as "fair value through profit and loss". A positive fair value adjustment of R7,206,489 has been recognised in investment income for the year-ended 31 March 2018.

2.3.3 Private equity investments: Capital Step Group

In January 2018, Sandown Ventures Limited (SVL), a wholly-owned subsidiary of SCIL, acquired a 60% equity interest in CSH. CSH is a UK-registered company providing alternative funding solutions to the SME market in the United Kingdom and Republic of Ireland. The transaction was implemented through the acquisition of 3,401 shares in CSH from the minority shareholders for a nominal consideration of R572 (£38) and a subscription for shares at par value for an additional 8,503 shares for a subscription price of R1,431 (£85).

In addition to the above, SVL agreed to provide a shareholder loan, on a draw-down basis, to CSH to fund working capital, up to maximum of £2,300,000 (R38,216,892) of which £1,050,000 (R17,446,842) had been advanced by 31 March 2018. The loan is interest-free and repayable ahead of any shareholder distributions.

As part of the transaction, SVL also advanced a £5 million (R84,164,870) Term Loan to CSF, a wholly-owned subsidiary of CSH. The loan has a five-year fixed term, at an interest rate of Libor +1150bps. 50% of the interest is payable quarterly in arrears, with the remainder capitalised to the capital outstanding on the loan. The total interest accruing on the loan is recognised in investment income.

The term loan is subordinated in favour of a third-party funder of CSF, who has committed a senior loan (initial loan) of £10 million (R166.1 million), with an accordian in place for a further £10 million, subject to certain conditions being met. SVL has committed to an additional £5m (R85.1 million) of loan funding to CSF, on the same terms as the term loan, subject to the third-party funder of CSF agreeing to fund an additional £20 million (R332 million) over and above the initial £20 million set out above, on the same terms as those set out in the initial loan.

The Group does not control the Board of CSH and classifies these investments as "fair value through profit and loss". CSH and CSF's functional and presentational currency is UK Pounds. CSF has a single external credit facility and has associated pledges and covenants. The entities do not apply hedge accounting.

No fair value adjustments on the CSH and CSF loans have been recognised for the year-ended 31 March 2018.

Notes to the Financial Statements
continued

2.3.4 Private equity investments: Firefly Investments 61

The Group has a 50% partnership interest a private equity fund, Firefly Investments 61 (Firefly). The fund is in run-off with its sole remaining investment awaiting sale. The Group's partnership share was valued at R145,022 as at 31 March 2018 (2017: R56,998). In addition, the fund has an outstanding loan due to the Group of R695,942 (2017: R564,208). The loan is repayable on demand and attracts interest at prime, less 3.75%.

2.3.5 Private equity investments: Elite Group

In terms of the Peregrine restructure and unbundling, all claims the Group had against Elite Group Proprietary Limited (Elite), consisting of a corporate bond and trade and other receivables, together with the amount impaired, were ceded and assigned, for an aggregate consideration of R4,500,000, to Peregrine Financial Services Holdings Limited. As at the disposal date, the bond had a net book value of R4,748,259, (2017: R5,348,441), consisting of a corporate bond with an outstanding amount of R6 531 071 (2017: R7,131,255), together with an impairment raised of R1,782,814 (2017: R1,782,814). Amounts outstanding under Trade and other receivables at the transaction date were R218,239 (2017: R218,239). The resultant loss on disposal of R466,505 was recognised in investment income.

2.3.6 Hedge funds

As at 31 March 2018 the Group held four (2017: two) hedge fund investments:

- R51,031,062 (2017: R51,070,572) in the PNF Peregrine Fund en Commandite Partnership (PNF Peregrine Fund) which is shown net of a loan amounting to R77,374,086 (2017: R72,602,380). 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.
- R389,941,778 (2017: R112,629,225) in the Peregrine Partners Fund en Commandite Partnership (Peregrine Partners Fund).
- R29,649,871 (2017: Nil) in the Stenham Targeted Skills II Fund (Stenham Fund).
- R36,471,375 (2017: Nil) in the SA Alpha Peregrine High Growth USD Fund (SA Alpha Fund).

As part of the Peregrine restructure, the Group acquired R474,557,698 of hedge fund assets in consideration of which the Company issued 42,274,285 ordinary shares and raised a vendor loan of R134,323,129 from Peregrine SA Proprietary Limited. The loan bears interest at Jibar+250bps and was repaid in full on 1 June 2018.

During the period post the restructure, and prior to 31 March 2018, the Group made three hedge fund redemptions, including its entire holding in the Electus en Commandite Partnership Fund (R24,718,013) its entire holding in the Stenham Healthcare Opportunities Fund (R12,342,328) and a part-redemption from the Stenham Fund (R30,943,050). Profits and losses on redemption were recognised as investment income through profit and loss.

As the Group's hedge fund investments are managed by external, independent fund managers and given the fact that Sandown Capital Limited 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 any of the above hedge fund investments.

A register of investments is available for inspection at the registered office of the Company in terms of Section 26 of the Companies Act, and more detail is provided in note 28: Schedule of investments.

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3. INVESTMENT IN SUBSIDIARY COMPANIES

	Group		Company	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Shares at cost	**–**	–	**126,811**	527
TWF Investments Proprietary Limited	**–**	–	**–**	527
Sandown Capital International Limited	**–**	–	**126,811**	–
Impairment				
TWF Investments Proprietary Limited	**–**	–	**–**	(527)
Investment in subsidiaries, net of impairment	**–**	–	**126,811**	–

Application was made during the year for the de-registration of TWF Investments Proprietary Limited, which investment was fully impaired in the prior year.

SCIL, a wholly-owned subsidiary of the Company, was registered in Guernsey on 22 September 2017 in order to hold the offshore investments of the Group, ahead of the Peregrine restructure on 2 October 2017. SCIL has 1,000 shares in issue, with the Company having subscribed for 100 shares at par on registration, and acquired the remaining 900 shares as part of the Peregrine restructure for a total consideration of R132,331,256 (which included the acquisition by SCIL of 100% of the shares in its wholly-owned subsidiary, Sandown Ventures Limited). R5,518,894 of the total consideration was settled by way of a consideration loan due by SCIL, which loan was subsequently transferred to Sandown Capital Limited and is included in intercompany balances.

Indirectly held:

SVL, an investment holding company registered in Guernsey, is 100% held by SCIL. It holds the Group's equity investment in and loans to the Capital Step Group.

4. INVESTMENT IN ASSOCIATES

	Group		Company	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Nala Empowerment Investment Company (Pty) Limited (30%) *Note 4.1*	**–**	–	**–**	–
Nala A2X (Pty) Limited – ordinary shares (28%) *Note 4.2*	**–**	–	**–**	–
Nala A2X (Pty) Limited – preference shares (100%)	**22,857**	–	**22,857**	–
Nala A2X (Pty) Limited – Loan account	**92**	–	**92**	–
	22,949	–	**22,949**	–

The abovementioned entities are incorporated in South Africa and are unlisted.

4.1 Nala Empowerment Investment Company Proprietary Limited (Nala)

Nala was formed on 28 September 2017 as an empowerment investment holding company to house the 15,060,112 shares in Consolidated Infrastructure Group Limited (CIG) acquired from Nala PGR SA Holdings Proprietary Limited (Nala PGR), as part of the Peregrine restructure. Nala is ultimately 70% majority black-owned by three community-based trusts, namely; the Peregrine Educational Trust (35%), the Peregrine Community Development Trust (15%) and the Employee Portfolio Investment Trust (20%). The remaining 30% of the equity is held by Sandown Capital Limited.

The CIG shares were acquired on 2 October 2017 for a purchase consideration of R194,564,768, being the market value of the shares net of accrued deferred tax liabilities transferred in of R2,838,662, or a net price of 1,292 cps. The transaction was funded by way of a non-recourse vendor loan from Nala PGR, which loan bears interest at prime less 1.4% and is repayable by no later than 30 October 2019.

Based on the closing price for CIG as at 31 March 2018 of 380 cps, Nala's investment in CIG has a fair value of R57,228,426. The outstanding vendor loan, including the capitalised interest, due to Nala PGR, was R203,212,198 as at 31 March 2018.

The Group's 30% associate interest in Nala is accounted for at nil, in line with accounting policy note 1.2.

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4.2 Nala A2X Proprietary Limited (Nala A2X)

Nala A2X was formed on 4 December 2017 to house the 14,286 ordinary shares in A2X subscribed for in terms of a share subscription agreement dated 15 December 2017. Nala A2X is 72% held by an associate company of Sandown Capital Limited, Nala (refer note 4.1), with the remaining 28% held directly by Sandown Capital Limited. Including the indirect holding through Nala, the Company has an effective 49% interest in Nala A2X.

The aggregate subscription price of R22,857,143 was fully funded by way of the subscription by Sandown Capital Limited of preference share capital issued by Nala A2X. In addition, the Company settled legal expenses on behalf of Nala A2X, which amount was funded by way of an interest free shareholder loan.

The salient rights and terms attached to the cumulative, redeemable preference shares are summarised as:

- Redeemable by the Issuer no earlier than 16 January 2028, save with the consent of the preference shareholders.
- A-Preference shares: entitlement to a cumulative preference dividend equal to 10% per annum of the outstanding issued preference share capital, subject to availability of distributable earnings.
- B-Preference shares: entitlement to a preference dividend equal to 49% of the cumulative after-tax earnings of Nala A2X, after deducting the A-preference share dividend entitlement, subject to availability of distributable earnings.

The Company's direct 28% associate in Nala A2X is accounted for at fair value, in line with accounting policy note 1.2. No fair value adjustments have been recognised for the year-ended 31 March 2018.

Summarised financial information of equity accounted investees:

	Group		Company	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
Non-current assets	**80,086**	–	**80,086**	–
Non-current liabilities	**(194,565)**	–	**(194,565)**	–
Current liabilities	**(8,833)**	–	**(8,833)**	–
Equity	**(123,312)**	–	**(123,312)**	–
Revenue – Investment losses	**(137,336)**	–	**(137,336)**	–
Losses and other comprehensive income for the year	**(146,169)**	–	**(146,169)**	–

5. TRADE AND OTHER RECEIVABLES

Trade debtors	**–**	218	**–**	218
Balance due from broker	**6**	–	**6**	–
Prepayments	**156**	–	**156**	–
	162	218	**162**	218

Trade and other receivables are shown net of an impairment allowance of Nil (2017: R14,118,926), following the disposal of the Group's claims on Elite Group Proprietary Limited as set out in note 2.3.5. The balance due from broker represents amounts held on a trading account. Prepayments reflect amounts paid to the JSE Limited, in respect of annual listing fees paid in advance. The carrying amounts approximate fair value.

6. SHARE CAPITAL

At beginning of the year	**127,374**	127,374	**127,374**	127,374
Shares issued in terms of restructure	**347,026**	–	**347,026**	–
Share capital at the end of the year	**474,400**	127,374	**474,400**	127,374

The Company had an authorised share capital of 500,000,000 ordinary shares of no par value as at 31 March 2018 (2017: 2,000). On 13 September 2017 the Company was converted to a public company and the authorised share capital was increased to 500,000,000 ordinary shares of no par value.

The Company had 226,060,696 ordinary shares of no par value in issue as at 31 March 2018 (2017: 2,000).

Notes to the Financial Statements
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6. SHARE CAPITAL continued

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

- 161,182,841 shares were issued to Peregrine for a nominal consideration of R100 on 29 September 2017;
- 22,606,570 shares were issued to Peregrine at an aggregate issue price of R5.8536 per share, or a total subscription price of R132,329,549 for the acquisition by Sandown Capital Limited of 900 shares in SCIL, which shares were issued by SCIL in respect of the acquisition of, *inter alia*, Rinjani, on 2 October 2017; and
- 42,274,285 Sandown Capital Limited shares were issued to Peregrine at an aggregate issue price of R5.07865 per share, or a total subscription price of R214,696,298, which subscription price was set-off against a non-interest-bearing loan owing by Sandown Capital Limited to Peregrine arising out of the acquisition by Sandown Capital Limited of South African hedge fund assets, on 2 October 2017.

Details of the movement in share capital are provided in the statement of changes in equity.

7. DEFERRED TAXATION

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
Deferred tax assets and (liabilities) are attributable to the following:				
Fair value adjustments – financial investments	**(2,777)**	(3,483)	**(2,777)**	(3,483)
Estimated tax losses	**12,684**	312	**12,684**	312
Unrealised losses earned in low/no tax jurisdictions	**10,620**	–	**10,620**	–
Accruals	**322**	1,785	**322**	1,785
	20,849	(1,386)	**20,849**	(1,386)
Reconciliation of movement in deferred tax balance:				
At beginning of the year	**(1,386)**	2,356	**(1,386)**	2,356
Movement through profit and loss:	**22,235**	(3,742)	**22,235**	(3,742)
Fair value adjustments – financial investments	**(233)**	362	**(233)**	362
Tax loss utilised	**–**	(1,365)	**–**	(1,365)
Estimated assessable losses for set-off against future income	**12,372**	–	**12,372**	–
Unrealised losses earned in low/no tax jurisdictions	**10,620**	–	**10,620**	–
Accruals	**(524)**	(2,739)	**(524)**	(2,739)
	20,849	(1,386)	**20,849**	(1,386)

Given the nature of the underlying investments, the likelihood of the Group earning future taxable profits, which may be offset against the current tax losses, is considered to be high and a deferred tax asset has therefore been recognised.

8. LOANS AND OTHER PAYABLES

Peregrine SA Holdings Proprietary Limited	**120,000**	9,234	**120,000**	9,234
	120,000	9,234	**120,000**	9,234

As part of the Peregrine restructure, Peregrine SA Holdings Limited (Peregrine SA) provided a vendor loan of R134,323,129 to the Company as part-funding of the acquisition by Sandown Capital Limited of South African hedge fund investments. The loan was unsecured, incurred interest at 1 Month Jibar + 250bps, and was repaid in full on 1 June 2018. The outstanding portion of the loan as at 31 March 2018 was R120,000,000 (2017: Nil).

The prior year loan outstanding as at 31 March 2017 of R9,234,339 was interest-free and repayable on demand. The loan was settled in full during the year. The carrying amounts approximate fair value.

Notes to the Financial Statements continued

9. TRADE AND OTHER PAYABLES

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
Trade and administrative	**1,418**	425	**1,155**	425
Employee costs	**–**	2,878	**–**	2,878
	1,418	3,303	**1,155**	3,303

Trade and administrative payables represent the provision for current year audit fees, offshore fiduciary-related administration costs and other sundry-related expenses. The carrying amounts approximate fair value.

10. INVESTMENT INCOME

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
Dividend income – subsidiary company	**–**	–	**34,057**	–
Dividend income – listed equities	**14,440**	264	**34**	264
Investment returns – hedge funds	**(34,595)**	28,253	**(26,079)**	28,253
Interest paid – hedge fund loans	**(6,923)**	(4,303)	**(6,923)**	(4,303)
Fair value adjustments – private equity	**6,750**	5,926	**(457)**	5,926
Fair value adjustments – listed equities	**(24,265)**	179	**–**	179
Fair value adjustments – private equity fund	**88**	–	**88**	–
Loss on disposal of financial investments	**(1,105)**	(821)	**(1,105)**	(821)
Interest received – private equity loans	**1,507**	839	**41**	839
Interest impairment reversal – private equity loans	**–**	1,550	**–**	1,550
	(44,103)	31,887	**(344)**	31,887

11. OPERATING EXPENSES

Include:				
Auditors' remuneration	**1,934**	368	**1,934**	368
– Audit fees	**1,000**	368	**1,000**	368
– Reporting accountant (Listing)*	**684**	–	**684**	–
– Advisory fees*	**250**	–	**250**	–
Listing and Restructure Fees	**8,870**	–	**8,747**	–
*(*includes Auditors' listing-related fees above)*				
Executive directors' emoluments (note 11.1)	**1,130**	6,391	**1,130**	6,391
– Salaries and contributions	**1,130**	1,858	**1,130**	1,858
– Retirement benefit plans	**–**	253	**–**	253
– Bonus	**–**	4,280	**–**	4,280
– Bonus over provision	**(612)**	(884)	**(612)**	(884)
Salary and related costs	**518**	5,507	**518**	5,507
Non-Executive Directors' fees (note 11.2)	**720**	–	**720**	–
Investment advisory fees (note 11.1 and 22)	**8,000**	–	**3,250**	–
Operating lease rentals	**34**	150	**34**	150
– Premises	**34**	146	**34**	146
– Office equipment	**–**	4	**–**	4

Notes to the Financial Statements
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11.1 Executive directors' emoluments

Executive directors	Basic Salary R'000s	Pension Fund Benefits R'000s	Performance bonus R'000s	Emoluments for services R'000s	Long-term incentive bonus	Total emoluments
2018						
Paid to Executive director of the Company – for managerial services						
M Yachad	**1,130**	**–**	**–**	**1,130**	**–**	**1,130**
2017						
Paid to Executive director of the Company – for managerial services						
M Yachad	1 858	253	3 342	5 453	938	6 391

Prior to the Peregrine restructure, Mandy Yachad was the sole director of the Company. With effect from 1 October 2017, his role changed to that of a Non-Executive Director, which position he held until his resignation on 29 November 2017. R40,000 of Non-Executive Directors' fees in respect of his Non-Executive Director services were paid to Peregrine SA for the two-month period, which fees did not accrue to him in his personal capacity and are included in the Non-Executive Directors' fee schedule set out in note 11.2.

Following the Peregrine restructure, Sean Melnick (CEO) and Sean Jelley (CFO) were appointed Executive Directors of the Company, which appointments were effective 3 October 2017. The Executive Directors are employees and representatives of the investment advisor and have been seconded to the Company in terms of the investment advisory agreement. The remuneration and benefits paid to Sean Melnick and Sean Jelley for their services as directors of the Company are borne by the investment advisor and form part of the fees payable by the Company to the investment advisor for investment advisory services provided, which fees do not accrue to them in their personal capacity. In terms of their contracts with the investment manager, as set out in the Company's pre-listing statement dated 14 November 2017, Sean Melnick and Sean Jelley each received basic annual remuneration of R270,000 for the year-ended 31 March 2018, and a share of the after-tax profits of the investment advisor.

11.2 Non-Executive Directors' fees

Non-Executive Director fees			Sub-Committees				
R'000	Chair	Main Board	Audit and Risk	Remco and Nom	Social and Ethics	2018 R	2017 R
Lawrie Brozin (Chairperson)[1]	Main Board	200	15	–	–	215	–
Andrew Hannington[2]	Audit	80	60	20	22	182	–
Duncan Randall	Remco	80	45	25	20	170	–
Cindy Hess[3]	Social and Ethics	53	30	13	17	113	–
Mandy Yachad (resigned)[4]	–	40	–	–	–	40	–
Total		**453**	**150**	**58**	**59**	**720**	**–**

With exception of Cindy Hess, all Non-Executive Directors were appointed on 3 October 2017.

[1] *LB resigned from the AC on 29 November 2017*

[2] *AH resigned as Chair of the Social and Ethics Committee on 29 November 2017*

[3] *CH was appointed to the Board, and Committees on 29 November 2017*

[4] *MY resigned from the Board on 29 November 2017*

Notes to the Financial Statements
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12. NET INTEREST (PAID)/RECEIVED

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
Interest received (note 12.1)	**736**	296	**237**	296
Interest paid (note 12.2)	**(6,372)**	–	**(6,370)**	–
	(5,636)	296	**(6,133)**	296
12.1 Interest received				
Bank balances	**736**	125	**237**	125
Loans and receivables	**–**	129	**–**	129
Broker account	**–**	42	**–**	42
	736	296	**237**	296
Arising on:				
Loans and receivables at amortised cost	**736**	254	**237**	254
Non-financial investments	**–**	42	**–**	42
	736	296	**237**	296

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
12.2 Interest paid				
Loans and other payables	**(6,372)**	–	**(6,370)**	–
	(6,372)	–	**(6,370)**	–
Arising on:				
Financial liabilities at amortised cost	**(6,370)**	–	**(6,370)**	–
Non-financial investments	**(2)**	–	**–**	–
	(6,372)	–	**(6,370)**	–

Notes to the Financial Statements
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13. TAXATION

	Group		Company	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
South African normal taxation				
– Current year	–	–	–	–
Deferred taxation	22,236	(3,742)	22,236	(3,742)
– Current year (SA)	11,616	(3,624)	11,616	(3,624)
– Current year (Foreign CFC)*	10,620	–	10,620	–
– Prior year under provision (SA)	–	(118)	–	(118)
	22,236	(3,742)	22,236	(3,742)

* *A deferred tax asset has been raised by the Company with respect to controlled-foreign-company (CFC) taxable losses incurred in the year, which losses are available for offset against future CFC-related taxable income.*

	%	%	%	%
Tax rate reconciliation:				
Standard rate of taxation	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Listing and related expenditure	**(2.00)**	2.00	**-6.24**	2.00
Capital profits and exempt income	**6.07**	(15.58)	**34.42**	(15.58)
Capital losses	**(10.88)**	0.97	**(5.30)**	0.97
Translation losses recognised in equity	**9.19**	–	**29.32**	–
Losses in low/no tax jurisdictions	**(0.19)**	–	**16.04**	–
Prior year under provision	**–**	0.50	**–**	0.50
Effective rate of taxation	**30.18**	15.89	**96.25**	15.89

14. NET ASSET VALUE PER SHARE

	2018 R'000s	Restated 2017 R'000s
Net asset value per share as at 31 March 2018		
Equity attributable to equity holders	**1,101,687**	164,868
Number of shares in issue at reporting date	**226,065,696**	2,000
Number of shares issued for no consideration during the year	**161,182,841**	161,182,841
Number of shares used to calculate net asset value (NAV) per share*	**226,065,696**	161,184,841
Net asset value per share (cents)	**487**	102
Net tangible asset value per share (cents)	**487**	102

* *As the Peregrine restructure and subsequent unbundling of the Sandown Capital Limited 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 to the calculation of NAV per share such that the number of ordinary shares outstanding before the restructure has been adjusted to reflect the number of ordinary shares issued as if the issue for no consideration had occurred at the beginning of the earliest period reported. The prior year NAV per share has accordingly been restated to reflect the above.*

NAV per share is calculated on the number of ordinary shares in issue at the end of the financial year and is based on the NAV attributable to outstanding ordinary shareholders. NAV is the difference between total assets and total liabilities. Net tangible asset value is determined by adjusting the NAV for the intangible assets.

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15. EARNINGS AND HEADLINE (LOSS)/EARNINGS PER SHARE

	2018 R'000s	Restated 2017 R'000s
Basic and diluted (loss)/earnings per share		
(Losses)/Earnings	**(51,435)**	19,798
Number of shares in issue at reporting date	**226,065,696**	2,000
Weighted average number of shares in issue*	**193,625,269**	161,184,841
Basic and diluted (loss)/earnings per share (cents)	**(26.56)**	12.28
Headline (losses)/earnings per share		
(Losses)/Earnings	**(51,435)**	19,798
Adjustment for headline earnings	**–**	–
Headline (losses)/earnings	**(51,435)**	19,798
Basic and Headline (losses)/earnings per share (cents)	**(26.56)**	12.28

** As the Peregrine restructure and subsequent unbundling of the Sandown Capital Limited ordinary shares included the issue of a number of shares for no consideration, the guidance of IAS33 Earnings per share (paragraph 28), 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 earnings per share for the prior year-ended 31 March 2017.*

16. DIVIDENDS PER SHARE

	2018	2017
Dividends declared and paid in the year	**2,500**	13,000
Number of shares in issue at reporting date	**226,065,696**	2,000
Number of shares issued for no consideration during the year	**161,182,841**	161,182,841
Number of shares used to calculate dividends per share*	**226,065,696**	161,184,841
Dividends per share (cents)	**1.11**	8.07

** As the Peregrine restructure and subsequent unbundling of the Sandown Capital Limited 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 to the calculation of Dividends per share such that the number of ordinary shares outstanding before the restructure has been adjusted to reflect the number of ordinary shares outstanding as if the issue for no consideration had occurred at the beginning of the earliest period reported. The prior year Dividend per share has accordingly been restated to reflect the above*

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. The Board does not expect to declare dividends going forward, with the intention being to reinvest income derived from investments into new investment opportunities.

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17. CASH UTILISED BY OPERATIONS

	Group		Company	
	2018 R'000s	2017 R'000s	2018 R'000s	2017 R'000s
(Loss)/Profit before taxation	**(73,671)**	23,540	**(23,102)**	23,540
Adjusted for:	**49,739**	(32,683)	**6,477**	(32,683)
Reversal of impairment allowance	**–**	(500)	**–**	(500)
Interest received	**(736)**	(5,348)	**(237)**	(5,348)
Interest paid	**6,372**	(296)	**6,370**	(296)
Investment returns attributable to hedge fund investments, net of interest paid on hedge fund loans	**41,518**	(23,950)	**33,002**	(23,950)
Fair value of investments	**17,427**	(2,306)	**369**	(2,306)
Loss on disposal of investments	**1,105**	820	**1,105**	820
Non-cash portion of interest received on investments	**–**	(839)	**–**	(839)
Interest received from investments	**(1,507)**	–	**(41)**	–
Dividends received from subsidiaries	**–**	–	**(34,057)**	–
Dividends received from investments	**(14,440)**	(264)	**(34)**	(264)
	(23,932)	(9,143)	**(16,626)**	(9,143)
Working capital changes	**(1,828)**	(8,651)	**(2,090)**	(8,651)
Increase in trade and other receivables	**56**	26	**58**	26
Decrease in trade and other payables	**(1,884)**	(8,677)	**(2,148)**	(8,677)
	(25,760)	(17,794)	**(18,716)**	(17,794)

18. TAXATION PAID

	Group 2018	Group 2017	Company 2018	Company 2017
Prepaid at beginning of the year	**(6,172)**	(1,316)	**(6,172)**	(1,316)
Current tax expense	**–**	–	**–**	–
Prepaid at end of the year	**6,672**	6,172	**6,672**	6,172
	500	4,856	**500**	4,856

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19. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION

Group 2018	Financial instruments at fair value through profit or loss – designated at inception R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R'000	Total R'000	Fair value of financial instruments
Non-current assets	**611,806**	**92**	**–**	**20,849**	**632,747**	
Financial investments	**588,949**	**–**	**–**	**–**	**588,949**	**588,949**
Investment in Associates	**22,857**	**92**	**–**	**–**	**22,949**	**22,857**
Deferred tax	**–**	**–**	**–**	**20,849**	**20,849**	
Current assets	**507,094**	**76,592**	**–**	**6,672**	**590,358**	
Financial investments	**507,094**	**–**	**–**	**–**	**507,094**	**507,094**
Trade and other receivables	**–**	**162**	**–**	**–**	**162**	
Taxation	**–**	**–**	**–**	**6,672**	**6,672**	
Cash and cash equivalents	**–**	**76,430**	**–**	**–**	**76,430**	
Total assets	**1,118,900**	**76,684**	**–**	**27,521**	**1,223,105**	
Non-current liabilities						
Deferred taxation	**–**	**–**	**–**	**–**	**–**	
Current liabilities	**–**	**–**	**121,418**	**–**	**121,418**	
Loans and payables	**–**	**–**	**120,000**	**–**	**120,000**	
Trade and other payables	**–**	**–**	**1,418**	**–**	**1,418**	
Total liabilities	**–**	**–**	**121,418**	**–**	**121,418**	

Group 2017						
Non-current assets	2,910	–	–	–	2,910	
Financial investments	2,910	–	–	–	2,910	2,910
Investment in Associates	–	–	–		–	
Investment in Subsidiary	–	–	–	–	–	
Current assets	169,048	661	–	6,172	175,881	
Financial investments	169,048	–	–	–	169,048	169,048
Trade and other receivables	–	218	–	–	218	
Taxation	–	–	–	6,172	6,172	
Cash and cash equivalents	–	443	–	–	443	
Total assets	**171,958**	**661**	**–**	**6,172**	**178,791**	
Non-current liabilities						
Deferred taxation	–	–	–	1,386	1,386	
Current liabilities	–	–	9,659	2,878	12,537	
Loans and payables	–	–	9,234	–	9,234	
Intercompany loans	–	–	–	–	–	
Trade and other payables	–	–	425	2,878	3,303	
Total liabilities	**–**	**–**	**9,659**	**4,264**	**13,923**	

Notes to the Financial Statements
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19. ANALYSIS OF ASSETS AND LIABILITIES BY FINANCIAL INSTRUMENT CLASSIFICATION continued

Company 2018	Financial instruments at fair value through profit or loss - designated at inception R'000	Loans and receivables at amortised cost R'000	Financial liabilities at amortised cost R'000	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R'000	Total R'000	Fair value of financial instruments
Non-current assets	**23,698**	**92**	**–**	**147,660**	**171,450**	
Financial investments	**841**	**–**	**–**	**–**	**841**	**841**
Investment in Subsidiary	**–**	**–**	**–**	**126,811**	**126,811**	
Investment in Associates	**22,857**	**92**	**–**	**–**	**22,949**	**22,857**
Deferred tax	**–**	**–**	**–**	**20,849**	**20,849**	
Current assets	**440,973**	**9,992**	**–**	**6,672**	**457,637**	
Financial investments	**440,973**	**–**	**–**	**–**	**440,973**	**440,973**
Loan to subsidiary	**–**	**1,812**	**–**	**–**	**1,812**	
Trade and other receivables	**–**	**162**	**–**	**–**	**162**	
Taxation	**–**	**–**	**–**	**6,672**	**6,672**	
Cash and cash equivalents	**–**	**8,018**	**–**	**–**	**8,018**	
Total assets	**464,671**	**10,084**	**–**	**154,332**	**629,087**	
Non-current liabilities						
Deferred taxation	**–**	**–**	**–**	**––**	**–**	
Current liabilities	**–**	**–**	**120,000**	**1,155**	**121,155**	
Loans and payables	**–**	**–**	**120,000**	**–**	**120,000**	
Trade and other payables	**–**	**–**	**–**	**1,155**	**1,155**	
Total liabilities	**–**	**–**	**120,000**	**1,155**	**121,155**	
Company 2017						
Non-current assets						
Financial investments	2,910	–	–	–	2,910	2,910
Investment in Subsidiary	–	–	–	–	–	
Investment in Associates	–	–	–	–	–	
Current assets	169,048	661	–	6,172	175,881	
Financial investments	169,048	–	–	–	169,048	169,048
Trade and other receivables	–	218	–	–	218	
Taxation	–	–	–	6,172	6,172	
Cash and cash equivalents	–	443	–	–	443	
Total assets	**171,958**	**661**	**–**	**6,172**	**178,791**	
Non-current liabilities						
Deferred taxation	–	–	–	1,386	1,386	
Current liabilities	–	–	9,659	2,878	12,537	
Loans and payables	–	–	9,234	–	9,234	
Trade and other payables	–	–	425	2,878	3,303	
Total liabilities	**–**	**–**	**9,659**	**4,264**	**13,923**	

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20. RISK MANAGEMENT

Having regard to the fact that managing risk is an inherent part of the Group's activities, risk management and the ongoing improvement in corresponding control structures remain a key focus 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 Group is the responsibility of the Board of Directors of Sandown Capital 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;
- 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 the Executive Directors to operate within the control structures and frameworks established by the board and has delegated the responsibility for implementation of the risk framework to the Executive Directors.

The Executive Directors 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 Group. The Board is kept abreast of developments through formalised reporting structures, ongoing communication with the Executive Directors, and through regular meetings of the Group Audit and Risk Committee.

Risk management structure

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

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

Audit and Risk 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. In addition, the committee is responsible for monitoring the Executive Director's approach with respect to financial reporting, internal controls, accounting and legal and regulatory compliance. The chairperson of the Audit and Risk Committee reports back to the Board of Directors of the Group in this regard.

The nature and key risks to which the Group 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 Group's activities expose it primarily to the financial risks of changes in equity prices, interest rates and foreign currency exchange rates. The Group's investment activities include investments into hedge funds and listed and unlisted private equity investment opportunities. The Group is exposed to market risk associated with the underlying instruments held by hedge funds and has exposure to equity price movements and fluctuations in interest rates and foreign currency exchange rates as a result of listed and unlisted investments held directly as part of its investment activities.

20.1.1 Equity pricing risk

20.1.1.1 Key risk exposures

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

	Group		Company	
	2018 R'000s	2017 R'000s	**2018 R'000s**	2017 R'000s
Hedge fund investments	**507,094**	163,700	**440,973**	163,700
Listed equities	**358,913**	2,289	**–**	2,289
Private equity investments	**230,036**	5,969	**841**	5,969
Investment in Associates	**22,857**	–	**22,857**	–
	1,118,900	171,958	**464,671**	171,958

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20.1.1.2 Equity sensitivity analysis

Investment into hedge funds

To date, the Group has invested in funds managed by Electus Fund Managers, Peregrine Capital, Green Oak Capital and Stenham Asset Management (the managers), both directly and through the Peregrine Fund Platform. The managers manage a suite of hedge funds, which focus on both South African and Global 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 decision to invest and the quantum thereof forms part of the Group's capital allocation decision implemented and managed by the executives.

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 external auditors.

Investments made by the Group into the hedge funds are diversified through the utilisation of a variety of trading systems employed by the managers. The selection of funds and managers is part of the on-going and active management of the Group's stated investment strategy.

The Group measures the profit or loss of its investment portfolio monthly or more regularly if required and has the ability to exit investments on a monthly/quarterly basis. The fair value of the Group'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 Group has invested, the investments are largely exposed to movements in the prices of equity instruments listed on the JSE.

Investments held as part of the Group's private equity investment activities

The Group holds listed and unlisted private equity investments. The Group has approximately 56% (2017: 1%) of its capital invested in listed and unlisted private equity as part of its investment activities. Investment decisions are structured within a mandate, approved by the Sandown Capital Limited Board and implemented and managed as part of the investment of Group capital.

Applying a 10% variation in equity/fund prices, the impact on the carrying value of the financial investments as at 31 March would have been:

Group *Impact on carrying values* **2018**	**Increase by 10% R'000**	**Decrease by 10% R'000s**
Increase (decrease) in Carrying Value	**86,601**	**(86,601)**
2017		
Increase (decrease) in Carrying Value	16,599	(16,599)

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20.1.2 Interest rate risk

20.1.2.1 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 third parties 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 the Group's investment strategy.

The Group manages interest rate exposure arising from other borrowings as part of the overall management of Sandown Capital's investment strategy. 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 Group's liquidity requirements and the current state of credit markets. The efficient allocation of capital is expected to enhance profitability over the longer term.

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

A 2% (South Africa) and 1% (offshore) 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% (South Africa) and 1% (offshore) parallel shift in the applicable rates respectively.

20.1.2.2 Interest rate sensitivity analysis

2018	Carrying value of financial instrument at amortised cost	Interest rate	Current year's interest income/ expense (Restated)*	Reasonable change in rate of [2% SA and 1% Offshore]	Impact on pre-tax profit or loss**	Impact on post-tax profit or loss***
Interest sensitivity gap	R'000	%	R'000	R'000	R'000	R'000
Interest-bearing financial assets						
Financial investments	106,640					
Rinjani shareholder Loan	5,062	Non-rate	–	–	–	–
Capital Step Term Loan (GBP)	83,435	12,00%	10,012	10,847	834	601
Capital Step Shareholder Loan (GBP)	17,447	Non-rate	–	–	–	–
Firefly Partnership Loan	696	6,50%	45	59	14	10
Loan to associate	92	Non-rate	–	–	–	–
A-Preference shares in Nala A2X	22,857	Fixed (10%)	–	–	–	–
Trade and other receivables	6	Non-rate	–	–	–	–
Trade and other receivables	156	Non-rate	–	–	–	–
Cash and cash equivalents – South Africa	8,018	6,30%	505	666	160	115
Cash and cash equivalents – Offshore (GBP/USD)	68,411	1,00%	684	1,368	684	493
** Rands unless stated otherwise*	206,180		11,246	12,940	1,692	1,219
Interest-bearing financial liabilities						
Loans and other payables	120,000	9,3% – 9,4%	10,980	13,380	(2,400)	(1,728)
Trade and other payables	1,418	Non-rate	–	–	–	–
	121,418		10,980	13,380	(2,400)	(1,728)

* *The current year's interest income/expense is recalculated based on the carrying value of the financial instruments closing balance at year-end.*

** *Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end. 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% (local) and 1% (foreign).*

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

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20.1.2.2 Interest rate sensitivity analysis continued

2017	Carrying value of financial instrument at amortised cost	Interest rate	Current year's interest income/ expense (Restated)*	Reasonable change in rate of [2% SA and 1% Offshore]	Impact on pre-tax profit or loss**	Impact on post-tax profit or loss***
	R'000	%	R'000	R'000	R'000	R'000
Interest sensitivity gap						
Interest-bearing financial assets						
Financial investments	5,348	10,50%	839	669	(170)	(123)
Financial investments	564	6,50%	59	48	(12)	(8)
Trade and other receivables: non-rate	218	Non-rate	–	–	–	–
Cash and cash equivalents	442	0,13%	125	9	(116)	(83)
	6,574		1,023	726	(298)	(214)
Interest-bearing financial liabilities						
Loans and other payables	9,234	Non-rate	–	–	–	–
Trade and other payables	425	Non-rate	–	–	–	–
	9,659		–	–	–	–

* *The current year's interest income/expense is recalculated based on the carrying value of the financial instruments closing balance at year-end.*

** *Impact on profit or loss of a change in interest rates would be based on the financial instruments closing balance at year-end. 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% (local) and 1% (foreign).*

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

20.1.3 Foreign currency risk

Foreign exchange translation exposure which arises from the translation of the Group's international operations into Rand is not considered a foreign currency exposure under IFRS. However, a significant portion of the Group's investments are held by its offshore subsidiary, SCIL, and as such a significant portion of the Group's investment income is earned in foreign currency and the volatility of these currencies relative to the Rand will impact the Group's Rand profit or loss and asset values.

The carrying value of the Group's foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

Group 2018	USD R'000s	GBP R'000s	Total R'000s
Non-current assets	**–**	**229,195**	**229,195**
Current assets	**104,072**	**30,462**	**134,534**
Total assets	**104,072**	**259,657**	**363,729**
Non-current liabilities	**–**	**–**	**–**
Current liabilities	**–**	**–**	**–**
Total liabilities	**–**	**–**	**–**
Net exposure	**104,072**	**259,657**	**363,729**

20.1.3.1 Sensitivity analysis

Assuming a reasonable change of 10% in the currency exchange rates applied to the above balances, the impact on profit or loss would be:

2018	R'000s	R'000s	R'000s
Impact on pre-tax profit or loss	**10,407**	**25,966**	**36,373**
Impact on post-tax profit or loss	**7,493**	**18,696**	**26,189**

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While the Group's financial investment in Stenprop is held offshore by SCIL, the investment is denominated in Rands, being the functioning currency of the JSE, the exchange on which the greatest volume of Stenprop's shares trade.

In addition to the above foreign currency exposures, the Group has a funding commitment with respect to an undrawn shareholder loan to CSH of £1.25 million (R20.8 million), and a commitment to provide an additional term loan of £5 million (R83.1 million), subject to various conditions, to CSF, one of its portfolio investment companies.

The following significant exchange rates were applied at the reporting date:

1 USD: ZAR	11.86
1 GBP: ZAR	16.62
1 EUR: ZAR	14.61

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 is no significant concentration of credit risk for the Group.

Assets that expose the Group 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. 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.

Financial assets not impaired

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

2018	Maximum exposure to credit risk R'000	Not past due R'000	Non-financial instruments and financial instruments beyond the scope of IFRS 7 R'000	Carrying value R'000
Financial investments	**106,640**	**106,640**	**–**	**106,640**
Trade and other receivables	**162**	**162**	**–**	**162**
Investment in Associates	**92**	**92**	**–**	**92**
Taxation	**–**	**–**	**6,672**	**6,672**
Cash and cash equivalents	**76,430**	**76,430**	**–**	**76,430**
	183,324	**183,324**	**6,672**	**189,996**

2017	R'000	R'000	R'000	R'000
Financial investments	5,912	5,912	–	5,912
Trade and other receivables	218	218	–	218
Taxation	–	–	6,172	6,172
Cash and cash equivalents	443	443	–	443
	6,573	6,573	6,172	12,745

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20.2.1 Key risk exposures continued

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

2018	Strong R'000	Satisfactory R'000	High risk R'000	Total R'000
Financial investments	**106,640**	**–**	**–**	**106,640**
Trade and other receivables	**162**	**–**	**–**	**162**
Investment in Associates	**92**	**–**	**–**	**92**
Cash and cash equivalents	**76,430**	**–**	**–**	**76,430**
	183,324	**–**	**–**	**183,324**
2017				
Financial investments	5,912	–	–	5,912
Trade and other receivables	–	–	218	218
Cash and cash equivalents	443	–	–	443
	6,355	–	218	6,573

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.

20.2.2 Impairment

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 rates, the Group believes that impairment allowance is necessary in respect of trade receivables. The impairment allowance account is used to record impairment losses unless the Group 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:

Group	2018 R'000	2017 R'000
At beginning of the year	**15,902**	17,952
Increase in allowance raised	**–**	–
Reversal of allowance raised	**(15,902)**	(2,050)
	–	15,902

The reversal of the impairment allowances through profit and loss in the current year is in respect of the African Dawn Capital Limited investment and the sale of claims on the Elite Group, both of which were sold in the year.

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 centralised nature of the Group's treasury function ensures that capital is appropriately allocated across the Group and that funding and commitments are met timeously.

The Group is currently funded by internal cash resources and partly by way of a Rand loan from a third party. The Group 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.

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20.3.2 Liquidity mismatch table

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

Liquidity mismatch table – 2018	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:	–	–	–	–	–	27,521	27,521
Deferred taxation	–	–	–	–	–	20,849	20,849
Taxation	–	–	–	–	–	6,672	6,672
Non-derivative financial assets used to manage liquidity risk:	76,430	507,256	–	611,898	–	–	1,195,584
Financial investments	–	507,094	–	588,949	–	–	1,096,043
Investment in Associates	–	–	–	22,949	–	–	22,949
Trade and other receivables	–	162	–	–	–	–	162
Cash and cash equivalents	76,430	–	–	–	–	–	76,430
	76,430	507,256	–	611,898	–	27,521	1,223,105
Liabilities							
Non-financial liabilities and financial assets beyond the scope of IFRS 7:							
Deferred taxation	–	–	–	–	–	–	–
Non-derivative financial liabilities:	–	121,418	–	–	–	–	121,418
Loans and other payables	–	120,000	–	–	–	–	120,000
Trade and other payables	–	1,418	–	–	–	–	1,418
	–	121,418	–	–	–	–	121,418
Equity	–	–	–	–	–	1,101,687	1,101,687
Liquidity gap	76,430	385,838	–	611,898	–	(1,074,166)	–
Cumulative liquidity gap	76,430	462,268	462,268	1,074,166	1,074,166	–	–

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20.3.2 Liquidity mismatch table continued

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	6,172
Non-derivative financial assets used to manage liquidity risk:	443	163,700	6,162	2,314	–	–	172,619
Financial investments	–	163,700	5,944	2,314	–	–	171,958
Trade and other receivables	–	–	218	–	–	–	218
Cash and cash equivalents	443	–	–	–	–	–	443
	443	163,700	6,162	2,314	–	6,172	178,791
Liabilities							
Non-financial liabilities and financial assets beyond the scope of IFRS 7:							
Deferred taxation						1,386	1,386
Non-derivative financial liabilities:	–	9,659	–	–	–	2,878	12,537
Loans and other payables	–	9,234	–	–	–	–	9,234
Trade and other payables	–	425	–	–	–	2,878	3,303
	–	9,659	–	–	–	4,264	13,923
Equity	–	–	–	–	–	164,868	164,868
Liquidity gap	443	154,041	6,162	2,314	–	(162,960)	–
Cumulative liquidity gap	443	154,484	160,646	162,960	162,960	–	–

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 Group 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.

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20.4 Fair value hierarchy continued

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

Group	Level 1 R'000	Level 2 R'000	2018 Total R'000
Financial assets at fair value though profit or loss			
Designated at inception:			
Listed equities	**358,913**	**–**	**358,913**
Private equity investments	**–**	**230,036**	**230,036**
Hedge fund investments	**–**	**507,094**	**507,094**
Investment in Associates (preference shares)	**–**	**22,857**	**22,857**
Total financial assets carried at fair value	**358,913**	**759,987**	**1,118,900**

	Level 1 R'000	Level 2 R'000	2017 Total R'000
Financial assets at fair value though profit or loss			
Designated at inception:			
Listed equities	2,289	–	2,289
Private equity investments	–	5,969	5,969
Hedge fund investments	–	163,700	163,700
Total financial assets carried at fair value	2,289	169,670	171,958

Company	Level 1 R'000	Level 2 R'000	2018 Total R'000
Financial assets at fair value though profit or loss			
Designated at inception:			
Listed equities	**–**	**–**	**–**
Private equity investments	**–**	**841**	**841**
Hedge fund investments	**–**	**440,973**	**440,973**
Investment in Associates (preference shares)	**–**	**22,857**	**22,857**
Total financial assets carried at fair value	**–**	**464,671**	**464,671**

	Level 1 R'000	Level 2 R'000	2017 Total R'000
Financial assets at fair value though profit or loss			
Designated at inception:			
Listed equities	2,289	–	2,289
Private equity investments	–	5,969	5,969
Hedge fund investments	–	163,700	163,700
Total financial assets carried at fair value	2,289	169,669	171,958

Notes to the Financial Statements
continued

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
Listed equities	Quoted market prices	Unadjusted quoted prices in an active market of underlying investments	N/A	N/A	Recurring
Private equity investments	Current market assumptions for loans, independent valuations, and cost for recent transactions	Market-related interest rate	N/A	N/A	Recurring
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	N/A	Recurring
Investment in Associates	Current market assumptions for loans, independent valuations, and cost for recent transactions	Market related coupons	N/A	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 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 agreement against the investment in the 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.

Notes to the Financial Statements
continued

20.5 Offsetting financial assets and financial liabilities continued

Financial assets subject to offsetting

Group	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
2018				
Current financial investments	**584,468**	**At fair value**	**(77,374)**	**507,094**
2017				
Current financial investments	236,302	At fair value	(72,602)	163,700

Company	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
2018				
Current financial investments	**518,347**	**At fair value**	**(77,374)**	**440,973**
2017				
Current financial investments	236,302	At fair value	(72,602)	163,700

21. CRITICAL ACCOUNTING VARIATIONS 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.

Hedge funds

As the Group's hedge fund investments are managed by external, independent fund managers (refer to note 2.3.6) and given the fact that Sandown Capital Limited 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.

Fair value measurement and valuation processes

Some of the Group's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group 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 Group's fair valued assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in note 20.4.

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.

Notes to the Financial Statements
continued

22. RELATED PARTY INFORMATION

Related Party Balances and Transactions

Transactions with Peregrine Group companies

Sandown Capital Limited was a wholly-owned subsidiary of the Peregrine, of which Sean Melnick is the Non-Executive Chairperson, until 1 December 2017, on which date all the issued shares in the Company were unbundled to the shareholders of Peregrine Holdings Limited. During the period in which the Company was a subsidiary of the Peregrine Group, Sandown Capital Limited entered into various transactions in the ordinary course of business with a fellow subsidiary company, Peregrine SA. The total value of these transactions charged for the period was R22, 671 (2017: R414,804).

In addition, 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.

The Group invested in hedge funds managed by Peregrine Capital and Peregrine Fund Platform, which for a large portion of the financial year were fellow subsidiaries of Sandown Capital Limited. There are loans outstanding against the fund managed by Peregrine Capital, due to Peregrine Group entities, which loans bear interest at the JSE Trustee rate as published monthly by JSE Trustees Proprietary Limited, less 57 basis points. During the period Sandown Capital Limited was a member of the Peregrine Group, interest on these loans amounted to R2.2 million (2017: R4.3 million).

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 advisory and related fees.

Peregrine restructure transactions

As part of the Peregrine restructure, Stenham Limited, a fellow subsidiary of Sandown Capital Limited 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
- 13 901 740 shares in Stenprop Limited, valued at R263 million.

In addition, Stenham Group Limited (a wholly-owned subsidiary of Stenham Limited) exchanged its 79.41% shareholding and claims against Rinjani, as well as its 100% shareholding in a dormant entity, SVL, 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 Capital Limited 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 Capital Limited shares for R100 at the same time.

As part of the Peregrine restructure, Peregrine Guernsey Limited, a fellow subsidiary with Sandown Capital Limited of the Peregrine Group at the time, transferred 6,318,728 Stenprop shares to SCIL, valued at R120 million, for no consideration.

As per the disposal agreement between Peregrine SA and Sandown Capital Limited, 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 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 Capital Limited by way of the issue of 42 million ordinary shares in Sandown Capital Limited to Peregrine.

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

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.

Notes to the Financial Statements continued

22. RELATED PARTY INFORMATION continued

Private equity fund

The Group has a 50% partnership interest in Firefly, which manages a fund that invests in private equity opportunities. Sean Melnick, Sean Jelley and Mandy Yachad, directors of the Group during the year-ended 31 March 2018, have co-invested with the Group 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 as at 31 March 2018 was R695,942 (31 March 2017: R564,208).

Capital Step transaction

As part of the Capital Step transaction set out in more detail in note 2.3 above, SVL, acquired 2,551 ordinary shares in CSH from Sean Melnick, for a total consideration of R429 (£25.51). The disposal of Melnick's 22.5% interest in CSH was a condition set by the Board of Sandown Capital Limited in order to remove any potential conflict of interest between the Group and the Executive Director.

Directors

Details of directors' shareholding in the Company are disclosed in the Directors' Report. Directors' emoluments are disclosed in note 11.

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)

Investments and loans to associates as at 31 March 2018 are disclosed in note 4.

Subsidiaries

Details of investments in subsidiaries are disclosed in note 3. Transactions between subsidiaries are conducted in the ordinary course of business at arms'-length. Dividends paid by subsidiary companies are recognised in investment income by the holding company. Intercompany transactions and balances are eliminated on consolidation.

Loans to subsidiary companies as at 31 March 2018 comprise of R1,812,027 (2017: Nil) due by SCIL to the Company. The amounts due by/to subsidiary companies are considered of a short-term nature, unsecured and repayable on demand. Loans are interest-free unless stated otherwise.

Investment manager

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

Notes to the Financial Statements continued

23. PEREGRINE RESTRUCTURE

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

The fair values reflected below represent their carrying values as at the restructure date (2 October 2017).

	R'000
Identifiable assets transferred in:	**1,160,634**
Financial investments	990,067
Hedge funds	474,558
Listed Equity	383,178
Private Equity	132,331
Cash and cash equivalents	170,567
Identifiable liabilities transferred in:	**(134,324)**
Attributable net assets	**1,026,310**

Pursuant to the restructure, Sandown Capital issued Peregrine with 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 the Group with a short-term loan facility of R134.3 million which loan was repaid on 1 June 2018.

Sandown Capital Limited 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.

24. CAPITAL COMMITMENTS

There are no capital commitments other than as recorded for financial investments in note 2.3.3 (Capital Step).

25. 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 Sandown Capital Limited are responsible for the management of and allocation of capital to investment activities, primarily investment into private equity and related opportunities.

The Sandown Capital Limited 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.

26. 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.

27. GOING CONCERN

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

Notes to the Financial Statements
continued

28. SCHEDULE OF INVESTMENTS

Investment	Description	Proportion Owned	Fair Value 31 Mar 18 R'000s	Cost* R'000s	Fund Managers	Fee Basis	Redemption Notice Period
Listed equities							
Stenprop Limited *(incorporated in Guernsey)*	Property investment company, dual-listed on the Johannesburg (JSE) & Bermuda stock exchanges	6.9%	358,913	383,178	N/A	–	–
Private equity							
Rinjani Holdings Limited *(incorporated in the BVI)*	Unlisted investment SPV, holding various listed and unlisted real estate assets in the UK and Germany	79.4%	128,246	131,193	N/A	–	–
Capital Step Holdings Limited *(incorporated in the UK)*	UK-based, specialist finance company lending to SME markets in the UK & Ireland	60%	100,882	100,527	N/A	–	–
Nala A2X Proprietary Limited *(incorporated in South Africa)*	Associate BEE SPV, with 10% holding in A2X (unlisted)	28%	22,857	22,857	N/A	-	-
Nala Empowerment Investment Company Proprietary Limited *(incorporated in South Africa)*	Associate BEE SPV, with 7.45% holding in Consolidated Infrastructure Group (listed on the JSE) and a corresponding non-recourse vendor loan	30%	–	–	N/A	–	–
Firefly Investments 61 *(domiciled in South Africa)*	Private Equity Fund (in run-off)	50%	841	145	N/A	–	–
Hedge funds							
PNF Peregrine Fund ECP*** *(domiciled in South Africa)*	Equity L/S Fund (Peregrine Capital High Growth Fund strategy)	100%	51,031	58,429	Peregrine Capital	2/20	Monthly
Peregrine Partners Fund ECP *(domiciled in South Africa)*	Multi-strategy Fund of Funds, including: PNF Peregrine Fund ECP, Peregrine Capital Flexible Opportunities H4 Fund & Green Oak Fixed Income ECP	100%	389,942	424,943	Peregrine Capital/ Green Oak Capital	1–2/20	Monthly/ Quarterly
Stenham Targeted Skills II *(domiciled in Guernsey)*	Equity L/S Fund	3.3%	29,650	33,503	Stenham Asset Management	1/0	Monthly
SA Alpha Peregrine High Growth (USD) *(domiciled in Cayman Islands)*	Feeder fund into Peregrine High Growth Fund	3.8%	36,471	44,392	SA Alpha/ Peregrine Capital	2/20	Monthly

* *The indicated cost of the non-Portfolio Investments reflects their market-value as at the date of the Peregrine restructure (4 October 2017)*

** *The PNF Peregrine Fund ECP is shown net of gearing of R77.3 million as at 31 March 2018*

*** *80.1% of the Fund is held via the Peregrine Partners Fund ECP*

Annexure A

– Standards and Interpretations

NEW AND REVISED STANDARDS AND INTERPRETATIONS ISSUED BUT NOT ADOPTED

The following new and revised Standards and Interpretations have not been adopted in these financial statements.

The Group is still considering the impact of the adoption of these standards, but they are not expected to have a significant impact because of the valuation of most of the financial instruments at fair value.

Standard	Effective date
IFRS 1 – First–time Adoption of International Reporting Standards	1 January 2018
IFRS 2 – Share–Based Payments (Revised)	1 January 2018
IFRS 9 – Financial Instruments (Re-issued)	1 January 2018
IFRS 15 – Revenue from Contracts with Customers	1 January 2018
IFRS 16 – Leases	1 January 2019
IAS 7 – Statement of Cash Flows	1 January 2018
IAS 12 – Income Taxes	1 January 2018
IAS 28 – Investments in Associates & Joint Ventures (Revised)	1 January 2019
IAS 40 – Investment Property (Revised)	1 January 2018
IFRIC 22 – Foreign Currency Transactions and Advance Consideration	1 January 2018

Annexure B

– Shareholder Information

SHARES AND SHAREHOLDERS

(as per the share register as at 31 March 2018)

Shareholder spread	No of shareholders	%	No of shares	%
1 – 1 000 shares	1,580	49.31	554,329	0.25
1 001 – 10 000 shares	1,030	32.15	3,799,392	1.68
10 001 – 100 000 shares	395	12.33	14,234,702	6.30
100 001 – 1 000 000 shares	164	5.12	47,462,275	20.99
1 000 001 shares and over	35	1.09	160,014,998	70.78
Totals	**3,204**	**100.00**	**226,065,696**	**100.00**

Distribution of shareholders	No of shareholders	%	No of shares	%
Banks/Brokers	43	1.34	11,813,414	5.23
Close Corporations	38	1.19	7,373,396	3.26
Endowment Funds	17	0.53	3,021,645	1.34
Individuals	2 501	78.06	38,898,911	17.21
Insurance Companies	32	1.00	13,887,133	6.14
Investment Companies	6	0.19	10,934,576	4.84
Medical Schemes	7	0.22	351,594	0.16
Mutual Funds	105	3.28	60,136,031	26.60
Other Corporations	14	0.44	27,083	0.01
Private Companies	77	2.40	38,239,971	16.92
Public Companies	3	0.09	18,811	0.01
Retirement Funds	139	4.34	33,923,018	15.01
Share Trust	3	0.09	2,276,264	1.01
Trusts	219	6.84	5,163,849	2.28
Totals	**3,204**	**100.00**	**226,065,696**	**100.00**

Public/non-public shareholders	No of shareholders	%	No of shares	%
Non-Public Shareholders	**8**	**0.25**	**66,661,518**	**29.49**
Directors of the Company	7	0.22	34,661,518	15.33
Strategic holding of more than 10%	1	0.03	32,000,000	14.16
Public shareholders	3,196	99.75	159,404,178	70.51
Totals	**3,204**	**100.00**	**226,065,696**	**100.00**

Beneficial shareholders holding 5% or more	No of shares	%
Nkholi Consolidated Inv (Pty) Ltd	32,000,000	14.16
Melnick, SA	26,182,622	11.58
Allan Gray	16,567,236	7.33
Government Employees Pension Fund	15,747,683	6.97
Old Mutual	13,674,502	6.05
Investec	10,726,489	4.74
Totals	**114,898,532**	**50.83**

Shareholders' Diary

Annual General Meeting*	5 September 2018
Interim Results for the six months to 30 September 2018 published	November 2018
2019 Audited Annual Financial Statements published	June 2019

** The Annual General Meeting of the Company will be held on the 4th Floor, 6A Sandown Valley Crescent, Sandton, on Wednesday 5 September 2018, at 09:30. The last day to trade in order to be eligible to participate in and vote at the Annual General Meeting is 28 August 2018 and the record date for voting purposes is 31 August 2018.*

Notice of Annual General Meeting

Sandown Capital Limited

(Incorporated in the Republic of South Africa)

(Registration number 1000/013674/06)

Share code: SDC ISIN: ZAE000249645

("**Sandown Capital**" or "**the Company**" or "**the Group**")

Notice is hereby given to the shareholders of the Company as at Friday, 20 July 2018, being the record date to receive notice of the Annual General Meeting in terms of section 59(1)(a) of the Companies Act of South Africa ("Companies Act"), that the Annual General Meeting of the Company will be held, in the main boardroom, 4th floor, 6A Sandown Valley Crescent, Sandown, Sandton, at 9:30 on Wednesday, 5 September 2018 to (i) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited ("JSE") Listings Requirements ("JSE Listings Requirements") and (ii) deal with such other business as may lawfully be dealt with at the meeting, which meeting is to be participated in and voted at by shareholders registered as such as at Friday, 31 August 2018, being the record date to participate in and vote at the Annual General Meeting in terms of section 62(3)(a), read with section 59(1)(b), of the Companies Act. Last day to trade, participate in and vote at the Annual General Meeting is therefore Tuesday, 28 August 2018.

NB: Section 63(1) of the Companies Act – Identification of meeting participants

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, drivers' licences and passports.

ORDINARY RESOLUTIONS

Ordinary resolution 1: Adoption of annual financial statements

"Resolved that the annual financial statements of the Company for the year-ended 31 March 2018, be and are hereby received and adopted."

Ordinary resolution 2: Re-election of director

"Resolved that Andrew Hannington who retires by rotation in terms of article 6.1.4 of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be re-elected as a director of the Company."

A brief curriculum vitae of Andrew Hannington is set out below:

Andrew (62) has a Bachelor of Commerce (Hons) degree, a CTA and is a registered Chartered Accountant (SA). He was previously CEO of Grant Thornton in Johannesburg, and prior to that CEO and National Chairperson 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. Andrew is the chairperson of Sandown Capital's Audit and Risk Committee and is a member of the Remuneration, and Social and Ethics Committees.

The board of directors of Sandown Capital ("Board") has considered Andrew's past performance and contribution to the company and recommends that Andrew be re-elected as a director of the Company.

Ordinary resolution 3: Re-election of director

"Resolved that Cindy Hess who retires by rotation in terms of article 6.1.4 of the Company's Memorandum of Incorporation and who is eligible and available for re-election, be re-elected as a director of the Company."

A brief curriculum vitae in respect of Cindy Hess is set out below:

Cindy (43) has a Bachelor of Commerce (Hons) degree and is a registered Chartered Accountant (SA). She was previously served as CFO at Media24 Holdings Proprietary Limited, Pioneer Food Group Holdings Limited and Sea Harvest Holdings Proprietary Limited (presently Sea Harvest Group Limited). She started her career at KPMG in 1999 and has since also held executive positions at Woolworths Holdings Limited and within the Transnet Group, and has served on several boards and committees. Cindy is chairperson of Sandown Capital's Social and Ethics Committee, and is a member of the Remuneration and Audit and Risk Committees.

The Board has considered Cindy's past performance and contribution to the Company and recommends that Cindy be re-elected as a director of the Company.

Notice of Annual General Meeting continued

Ordinary resolution 4: Appointment of auditors

"Resolved that Deloitte and Touche be and are hereby re-appointed as auditors of the Company for the ensuing financial year and to note that the individual designated auditor who will undertake the audit during the financial year-ending 31 March 2019 will be Lesley Wallace."

The Audit and Risk Committee has recommended Deloitte & Touche for re-appointment as independent auditors of the Company pursuant to section 90(2) (c) of the Companies Act and further confirm that their appointment together with the designated individual audit partner, Lesley Wallace, is in accordance with paragraph 3.84(g) (iii) of the JSE Listings Requirements.

Ordinary resolution 5: Appointment of Audit and Risk Committee members

"Resolved that the members of the Company's Audit and Risk Committee set out below be and are hereby appointed, each by way of a separate vote, with effect from the end of this meeting in terms of section 94(2) of the Companies Act. The membership as proposed by the Board is C Hess, D Randall and A Hannington (Chairperson of the Audit and Risk Committee)(subject to passing ordinary resolution 2 above), all of whom are Independent Non-Executive Directors."

Brief curricula vitae of A Hannington and C Hess are set out above. A brief curriculum vitae of D Randall is set out below:

Duncan (44) 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.

Ordinary resolution 6: Control over unissued ordinary shares

"Resolved that the authorised, but unissued, shares in the capital of the Company be and are hereby placed under the control of the Directors of the Company until the next Annual General Meeting to allot or issue such shares at their discretion, subject to the provisions of the Companies Act and the JSE Listings Requirements, provided that such allotment and/or issue shall not exceed 5% of the Company's issued share capital as from the date of passing of this ordinary resolution less the aggregate number of shares, if any, held by the Company and its subsidiaries (but specifically excluding any share trusts), from time to time, as treasury shares."

Ordinary resolution 7: Remuneration Policy and Implementation Report

Non-binding resolution 7.1: Endorsement of Remuneration Policy

"Resolved that, through a non-binding advisory vote, the Company's remuneration policy, a summary of which is disclosed on page 16 of the integrated annual report be and is hereby endorsed."

Non-binding resolution 7.2: Endorsement of Remuneration Implementation Report

"Resolved that, through a non-binding advisory vote, the Company's remuneration implementation report, as disclosed on pages 16 and 17 of the integrated annual report be and is hereby endorsed."

In line with the King IV Report on Corporate Governance, the remuneration policy and the remuneration implementation report must be tabled at each annual general meeting, both to be endorsed by shareholders, through separate non-binding advisory votes. This allows shareholders to express their views on the Company's remuneration structures and policies.

In the event that either the remuneration policy or the remuneration implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders, the board, and to the extent required, the Remuneration Committee will engage with shareholders to address all legitimate objections and concerns.

Ordinary resolution 8: General authority to issue shares for cash

"Resolved that, subject to the restrictions set out below and subject to the provisions of the Companies Act and the JSE Listings Requirements, the Directors of the Company be and are hereby authorised until this authority lapses at the next Annual General Meeting of the company or 15 months from the date on which this resolution is passed, whichever is the earlier date, to allot and issue shares of the Company for cash, on the basis that:

a. the shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights as are convertible into a class already in issue;

b. the allotment and issue of shares for cash shall be made only to persons qualifying as "public shareholders", as defined in the JSE Listings Requirements, and not to "related parties";

c. shares which are the subject of general issues for cash shall not exceed 11,303,285 shares being 5% of the Company's issued shares as at the date of this notice of Annual General Meeting, provided that:

Notice of Annual General Meeting continued

Ordinary resolution 8: General authority to issue shares for cash continued

i. any shares issued under this authority, prior to this authority lapsing, shall be deducted from the 11,303,285 shares which the Company is authorised to issue in terms of this authority; and

ii. in the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;

d. the maximum discount at which shares may be issued is 10% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and

e. after the Company has issued shares in terms of this general authority to issue shares for cash representing on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of that issue, including, the number of shares issued, the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the Company and the party/ies subscribing for the shares and an explanation, including supporting documentation (if any) of the intended use of the funds."

Ordinary resolution 9: Signature of documentation

"Resolved that any Director of the Company or the Company Secretary be and is hereby authorised to sign all such documents and do all such things as may be necessary or incidental to the implementation of ordinary resolutions 1 to 8, and special resolutions 1, 2 and 3."

In order for:

a. each of ordinary resolutions 1 to 7 and ordinary resolution 9 to be adopted, the support of a majority of the total number of votes exercisable by shareholders, present in person or by proxy, is required;

b. ordinary resolution 8 to be adopted, support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

SPECIAL RESOLUTIONS

Special resolution 1: Directors' fees

"Resolved as a special resolution that payment to the Non-Executive Directors of a maximum of the following annual fees for services as Directors with effect from the date of this Annual General Meeting until the date of the next Annual General Meeting be and is hereby authorised:

Annual fees (Rands)	Main Board	Audit and Risk Committee	Remuneration Committee	Social and Ethics Committee
Chairperson	400,000	120,000	50,000	50,000
Member	160,000	90,000	40,000	40,000

Reason for and effect of special resolution 1

The reason for special resolution 1 is to comply with the provisions of the Companies Act.

The effect of the special resolution is that, if approved by the shareholders at the Annual General Meeting, the annual fees payable to Non-Executive Directors until the next Annual General Meeting will be no more than as set out above. Executive directors are not remunerated for their services as directors as these services are provided under the terms of the investment advisory agreement between the Company and the investment advisor.

The above rates have been proposed to ensure that the remuneration of Non-Executive Directors remains competitive in order to enable the Company to retain and attract persons of the calibre, appropriate capabilities, skills and experience required in order to make meaningful contributions to the Company.

Special resolution 2: Repurchase of shares

"Resolved as a special resolution that, subject to the Companies Act, the JSE Listings Requirements and the restrictions set out below, the repurchase of shares of the Company either by the Company or by any subsidiary of the Company be and is hereby authorised by way of a general authority, on the basis that:

a. The general authority given in terms of this special resolution shall remain in force from the date of passing of this special resolution until the conclusion of the next Annual General Meeting of the Company or 15 months from the date on which this resolution is passed, whichever is the earlier date.

b. The general authority shall provide authorisation to the Board of Directors to repurchase on behalf of the Company, shares in the issued share capital of the Company as follows:

Notice of Annual General Meeting continued

Special resolution 2: Repurchase of shares continued

i. it will be limited, in any financial year of the Company, to a maximum of 20% of the issued share capital of the Company (or 10% of the issued share capital of the Company where the repurchase is affected by a subsidiary) as at the date on which this special resolution is passed;

ii. the repurchase of shares issued by the Company may not be at a price greater than 10% above the weighted average of the market value at which Sandown Capital shares of the same class traded on the JSE for the five business days immediately preceding the date on which the repurchase of shares is effected;

iii. any such repurchase will be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter party;

iv. an announcement will be published as soon as the Company or any of its subsidiaries has repurchased ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the repurchase pursuant to which the aforesaid 3% threshold was reached (and for each 3% in aggregate of the initial number of that class acquired thereafter). Such announcement must contain full details of such repurchases;

v. the Company (or any subsidiary) must be authorised to do so in terms of its Memorandum of Incorporation;

vi. at any point in time, the Company may only appoint one agent to effect any repurchase(s) on the Company's behalf; and

vii. repurchases may not take place during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is a repurchase programme in place, the dates and quantities of shares to be repurchased during the prohibited period are fixed, and full details thereof have been submitted to the JSE in writing prior to commencement of the prohibited period.

c. The exercise by the directors of the authority to procure the repurchase by the Company's subsidiaries of shares in terms of (b) shall be subject, *mutatis mutandis* , to the same terms and conditions as those set out above.

d. A resolution has been passed by the Board of the Company or its subsidiaries authorising the repurchase, and the Company has passed the solvency and liquidity test as set out in section 4 of the Companies Act, and that, there have been no material changes to the financial position of the Company since the application of the solvency and liquidity test by the Board.

Having considered the aggregate effect of the maximum repurchase of 20% of the Company's issued share capital in any one financial year pursuant to the general authority to repurchase shares, the Board of Directors is of the opinion that, for a period of 12 months after the date of this notice of Annual General Meeting:

- the Company and the Group will be able to repay their debts, in the ordinary course of business;
- the Company's and the Group's assets will be in excess of the liabilities of the Company and the group. For this purpose, the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited Group annual financial statements; and
- the Company's and the Group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The Board is of the opinion that this authority should be in place so as to enable the Company, as and when the opportunity presents itself, to repurchase shares.

The following additional information is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders – see "analysis of shareholders" section in Sandown's 2018 Audited Annual Financial Statements.
- Share capital of the Company – see "note 6" in the Audited Annual Financial Statements.

Reason for and effect of special resolution 2

The reason for the passing of special resolution 2 is to authorise the Company to repurchase shares issued by it and to enable its subsidiary companies to acquire shares in its share capital.

The effect of the passing of special resolution 2 is that the Company is authorised to repurchase shares issued by it and that the Company's subsidiary companies will be able to repurchase shares in the share capital of the Company, as set out above.

Notice of Annual General Meeting continued

Special resolution 2: Repurchase of shares continued

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names appear on the "directorate" section in the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all necessary information.

MATERIAL CHANGES

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Special resolution 3: Financial assistance to related and inter-related parties

"Resolved that to the extent required by the Companies Act, the Board may, subject to compliance with the requirements of the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, authorise the Company to provide direct or indirect financial assistance as contemplated in section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other Company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the Company for any purpose or in connection with any matter, such authority to endure for a period of two years from the date of the passing of this special resolution."

Reason for and effect of special resolution 3

The Company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. Under the Companies Act, the Company will, however, require the special resolution referred to above to be adopted. In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in special resolution 3. Therefore, the reason for, and effect of, special resolution 3 is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution 3.

In order for each of special resolutions 1, 2 and 3 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required.

ANY MATTERS RAISED BY SHAREHOLDERS, WITH OR WITHOUT ADVANCE NOTICE TO THE COMPANY.

To deal, at the Annual General Meeting, with any matters raised by shareholders, with or without advance notice to the Company.

QUORUM

A quorum for the purposes of considering the resolutions above shall consist of three shareholders of the Company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the Annual General Meeting. In addition, a quorum shall comprise 25% of all voting rights entitled to be exercised by shareholders in respect of the resolutions above.

FORM OF PROXY

In terms of section 62(3) (e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy or two or more proxies to attend and participate in and vote at the Annual General Meeting in the place of the shareholder, by completing the form of proxy in accordance with the instructions set out therein; and
- a proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of any Sandown Capital shareholder holding certificated shares who cannot attend the Annual General Meeting of Sandown Capital shareholders or who wishes to be represented thereat. Forms of proxy may also be obtained on request from the Company's registered office. For administrative purposes, the completed forms of proxy should be deposited at or posted to the office of the transfer secretaries of the Company to be received by 9:30 on Tuesday, 4 September 2018 to allow for processing of the proxy forms.

Alternatively, the form of proxy may be handed to the chairperson of the Annual General Meeting or to the transfer secretaries at the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should the member subsequently decide to do so.

Notice of Annual General Meeting continued

FORM OF PROXY CONTINUED

Sandown Capital shareholders who have already dematerialised their Sandown Capital shares through a Central Securities Depository Participant ("CSDP") or broker and who wish to attend the Annual General Meeting of Sandown Capital shareholders must instruct their CSDP or broker to issue them with the necessary Letter of Representation to attend.

Dematerialised Sandown Capital shareholders, who have elected own-name registration in the sub-register through a CSDP and who are unable to attend, but wish to vote at the Annual General Meeting of Sandown Capital shareholders, must complete and return the attached form of proxy and lodge it with the transfer secretaries of the Company, by 9:30 on Wednesday, 5 September 2018 to allow for processing. Alternatively, the form of proxy may be handed to the Chairperson of the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting.

Dematerialised Sandown Capital shareholders, who have not elected own-name registration in the sub-register through a CSDP and who are unable to attend but who wish to vote at the Annual General Meeting of Sandown Capital shareholders should ensure that the person or entity (such as a nominee) whose name has been entered into the sub-register maintained by a CSDP or broker completes and returns the attached relevant forms of proxy in terms of which they appoint a proxy to vote at the Annual General Meeting of Sandown Capital shareholders.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in the meeting by way of telephone conference call. Shareholders or their proxies who wish to participate in the Annual General Meeting via the teleconference facility will be required to advise the Company thereof by no later than 17:00 on Monday, 3 September 2018 by submitting, by email to Mr S Jelley at seanj@sdcap.com or by fax to be faxed to 011 722 7445, for the attention of Mr S Jelley relevant contact details including email address, cellular number and landline, as well as full details of the shareholder's title to the shares issued by the Company and proof of identity, in the form of copies of identity documents and share certificates (in the case of certificated shareholders), and (in the case of dematerialised shareholders) written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the Annual General Meeting.

Shareholders who wish to participate in the Annual General Meeting by way of telephone conference call must note that they will not be able to vote during the Annual General Meeting. Such shareholders, should they wish to have their vote counted at the Annual General Meeting, must, to the extent applicable, (i) complete the form of proxy; or (ii) contact their CSDP or broker, in both instances, as set out above.

CONSENT TO RECEIVE DOCUMENTATION

Included in the form of proxy is a consent for those shareholders who wish to receive notices, statements, reports, accounts or any other documents pertaining to the Company by email.

By order of the Board

CIS Company Secretaries Proprietary Limited Company Secretary

Johannesburg

Date: 31 July 2018

Form of Proxy

Sandown Capital Limited

Incorporated in the Republic of South Africa
Registration number 2000/013674/06
JSE share code: SDC
ISIN: ZAE000249645
"**Sandown Capital**" or "**the Company**"

For use by holders of certificated Sandown Capital ordinary shares or holders of dematerialised Sandown Capital ordinary shares held through a Central Securities Depository Participant ("CSDP") or broker and who have selected own-name registration, at the Annual General Meeting of the Company to be held at 09:30 on Wednesday, 5 September 2018 (or such later date as is advised on SENS and in the press in relation to any adjournment of the Annual General Meeting) at 6A Sandown Valley Crescent, Sandown, Sandton, 2196.

Additional forms of proxy are available from the transfer secretaries of the Company.

Not for use by holders of the Company's dematerialised ordinary shares who have not selected own-name registration. The CSDP or broker, as the case may be, of dematerialised Sandown Capital ordinary shareholders who have not elected own-name registration, should contact such Sandown Capital ordinary shareholders to ascertain the manner in which they wish to cast their vote at the Annual General Meeting and thereafter cast their vote in accordance with their instructions. Such instructions should be communicated to the CSDP or broker, as the case may be, in terms of the agreement between the Sandown Capital ordinary shareholder and his/her CSDP or broker. If such dematerialised Sandown Capital ordinary shareholder concerned has not been contacted, it would be advisable for them to contact their CSDP or broker, as the case may be, and furnish them with their instructions. Dematerialised Sandown Capital ordinary shareholders who are not own-name dematerialised Sandown Capital ordinary shareholders and who wish to attend the Annual General Meeting must obtain their necessary letter of representation from their CSDP or broker, as the case may be, and submit same to Sandown Capital's transfer secretaries to be received by 9:30 on Tuesday, 4 September 2018 to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the Chairperson of the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting. This must be effected in terms of the agreement entered into between the dematerialised Sandown Capital ordinary shareholder and his/her/its CSDP or broker. If the CSDP or broker, as the case may be, does not obtain instructions from such dematerialised Sandown Capital ordinary shareholder, they will be obliged to act in terms of the mandate furnished to them, or, if the mandate is silent in this regard, to abstain from voting.

I/We ____(names in block letters)
of ____(address in block letters)
being the holder/s of ____________________shares in the Company do hereby appoint ____________________
of ____ or failing him/her
of ____

or failing him/her the chairperson of the Annual General Meeting as my/our proxy to act for me/us at the Annual General Meeting of the Company to be held at 6A Sandown Valley Crescent, Sandown, Sandton, at 9:30 on Wednesday, 5 September 2018, and at any adjournment thereof, and to vote for me/us on my/our behalf in respect of the undermentioned resolutions.

Ordinary resolutions	*For	*Against	*Abstain
1. To adopt the annual financial statements of the Company for the year-ended 31 March 2018,			
2. To re-elect Andrew Hannington as a Director of the Company			
3. To re-elect Cindy Hess as a Director of the Company			
4. To re-appoint the auditors, Deloitte & Touche and Lesley Wallace as the individual designated auditor			
5. To appoint the following members of the Audit and Risk Committee:			
5.1 A Hannington as a member and chairperson of the Audit and Risk Committee			
5.2 C Hess as a member of the Audit and Risk Committee			
5.3 D Randall as a member of the Audit and Risk Committee			
6. To place unissued shares under Directors' control			
7. To endorse the Company's Remuneration Policy and Remuneration Implementation Report			
8. To approve a general authority to issue shares for cash			
9. To authorise the Directors or the Company Secretary to sign documentation			
Special resolutions			
1. To approve the fees payable to Non-Executive Directors			
2. To grant a general authority to Directors to repurchase Company shares			
3. Financial assistance to related and inter-related parties			

** Mark "For", "Against" or "Abstain" as required. If no options are marked the proxy will be entitled to vote as he/she thinks fit.*

Consent in terms of Section 6(10) and (11) of the Companies Act, read with Regulation 7 and Table CR3 and Clause 7 of the Company's Memorandum of Incorporation.

I/we hereby consent to receive notices, statements, reports, accounts, or any other documents pertaining to the Company at the following email address until such authority is revoked:

Email Address: ____

I/we undertake to advise the Company within five days of any change in my/our email address by sending notification thereof to info@sandowncapital.com. This consent may be revoked at any time on the provision of 5 days' notice in writing to the Company to info@sandowncapital.com.

Please read notes on the reverse side hereof

Signed at ______________________ on the ____________ day of ____________ 2018

Signature ______________________ Assisted by (where applicable) ______________________

Notes to the Form of Proxy

1. This form of proxy is only to be completed by those ordinary shareholders who are:

    1.1 holding ordinary shares in certificated form; or

    1.2 recorded in the sub-register in electronic form in their "own name",

    on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, in order to vote at the Annual General Meeting being Friday, 31 August 2018, and who wish to appoint another person to represent them at the Annual General Meeting.
2. Certificated shareholders wishing to attend the Annual General Meeting have to ensure beforehand with the transfer secretaries of the Company (being Computershare Investor Services Proprietary Limited) that their shares are registered in their name.
3. Beneficial shareholders whose shares are not registered in their "own name", but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instruction on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the Annual General Meeting.
4. A Sandown Capital shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space. The person whose name stands first on the form of proxy and who is present at the Sandown Capital Annual General Meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
5. A proxy appointed by a Sandown Capital shareholder in terms hereof may not delegate his authority to act on behalf of the Sandown Capital shareholder to any other person.
6. If duly authorised, companies and other corporate bodies who are shareholders of the company having shares registered in their own name may, instead of completing this form of proxy, appoint a representative to represent them and exercise all of their rights at the meeting by giving written notice of the appointment of that representative. This notice will not be effective at the Annual General Meeting unless it is accompanied by a duly certified copy of the resolution or other authority in terms of which that representative is appointed and is received at Computershare Investor Services Proprietary Limited, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, to reach the company by 10:00 on Tuesday, 4 September 2018 to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the Chairperson of the Annual General Meeting at any time prior to the commencement of the Annual General Meeting or prior to voting on any resolution proposed at the Annual General Meeting.
7. A Sandown Capital shareholder's instructions to the proxy must be indicated by means of a tick or a cross in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of all the Sandown Capital shareholder's votes exercisable thereat relating to the resolutions proposed in this form of proxy.
8. The forms of proxy should be lodged at Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or posted to PO Box 61051, Marshalltown, 2107 or e-mailed to proxy@computershare.co.za so as to be received, for administrative purposes, by 09:30 on Tuesday, 4 September 2018 to allow for processing of the proxy forms. Alternatively, the form of proxy may be handed to the chairperson of the Annual General Meeting or to the transfer secretaries at the Annual General Meeting at any time prior to the Annual General Meeting or prior to voting on any resolution at the Annual General Meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant Sandown Capital shareholder from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Sandown Capital shareholder wish to do so. In addition to the aforegoing, a Sandown Capital shareholder may revoke the proxy appointment by (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and (ii) delivering a copy of the revocation instrument to the proxy, and to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Sandown Capital shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
10. The chairperson of the Annual General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
11. Any alteration to this form of proxy, other than a deletion of alternatives, must be initialled by the signatory/ies.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company.
13. Where there are joint holders of Sandown Capital shares:

    13.1 any one holder may sign this form of proxy; and

    13.2 the vote of the senior (for that purpose seniority will be determined by the order in which the names of shareholders appear in the register of members) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint holder(s) of Sandown Capital shares.
14. This form of proxy may be used at any adjournment or postponement of the Annual General Meeting, including any postponement due to a lack of quorum, unless withdrawn by the Sandown Capital shareholder.
15. The aforegoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

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)

Sponsor
Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 522606, Saxonwold, 2152)

Corporate advisor
Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 522606, Saxonwold, 2152)

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

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)

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

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

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