

Runway Property Group Limited and its subsidiaries

(Registration Number 2019/547292/06)

**Consolidated and Separate Management Statements
for the 6 month period ended 31 August 2020**



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REGISTERED AUDITORS

Runway Property Group Limited and its subsidiaries

(Registration Number 2019/547292/06)

Consolidated and Separate Management Statements for the 6 month period ended 31 August 2020

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Runway Property Group Limited and its subsidiaries

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Consolidated and Separate Management Statements for the 6 month period ended 31 August 2020

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	2019/547292/06
Nature of Business and Principal Activities	Property Investment and other related activities
Directors	E. Marks Z.A. Kaplan Z.R. Cendrowski A. Gluch J. Bennett S. Zagnoev
Audit Committee	A. Gluch J. Bennett S. Zagnoev
Business Address	First Floor, Block A Georgian Place 18 Southway Road Kelvin 2090
Postal Address	P.O. Box 653636 Benmore 2010
Bankers	Nedbank Limited Investec Bank Limited
Issued	03 November 2020

Runway Property Group Limited and its subsidiaries

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Statements of Financial Position

Figures in R	Notes	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
Assets					
Non-current assets					
Property, plant and equipment	1	22,612,138	24,153,936	-	-
Investment property	2	1,129,484,876	1,130,584,021	-	-
Investment in subsidiaries	3	-	-	478,507,920	478,507,920
Operating lease receivables	4	22,431,336	22,340,456	-	-
Total non-current assets		1,174,528,350	1,177,078,413	478,507,920	478,507,920
Current assets					
Trade and other receivables	5	11,149,402	6,660,997	24	-
Current tax assets		85,911	-	-	-
Dividends receivable	6	-	-	-	28,576,223
Operating lease receivables	4	3,355,765	3,399,370	-	-
Loan to group company	7	-	-	1,440,726	2,442,000
Cash and cash equivalents	8	1,272,761	1,644,325	268	1,059
Total current assets		15,863,839	11,704,692	1,441,018	31,019,282
Total assets		1,190,392,189	1,188,783,105	479,948,938	509,527,202
Equity and liabilities					
Equity					
Stated capital	9	479,950,920	479,950,920	479,950,920	479,950,920
Retained income / (accumulated loss)		25,070,692	14,213,429	(1,982)	-
Total equity		505,021,612	494,164,349	479,948,938	479,950,920
Liabilities					
Non-current liabilities					
Other financial liabilities	10	590,529,788	572,151,985	-	-
Loans from related parties	11	19,309,647	35,564,286	-	-
Total non-current liabilities		609,839,435	607,716,271	-	-
Current liabilities					
Trade and other payables	12	75,531,142	56,172,555	-	-
Current tax liabilities		-	1,153,648	-	-
Dividend payable	13	-	29,576,282	-	29,576,282
Total current liabilities		75,531,142	86,902,485	-	29,576,282
Total liabilities		685,370,577	694,618,756	-	29,576,282
Total equity and liabilities		1,190,392,189	1,188,783,105	479,948,938	509,527,202

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Statements of Profit or Loss and Other Comprehensive Income

Figures in R	Notes	Group 6 month period ended 31 August 2020	Group 1 month period ended 29 February 2020	Company 6 month period ended 31 August 2020	Company 4 month period ended 29 February 2020
Revenue	14	84,449,490	32,811,306	-	29,576,223
Other income	15	-	9,750	-	-
Administrative expenses		(853,364)	(62,204)	(1,986)	-
Other expenses		(50,162,255)	(7,844,598)	-	-
Profit / (loss) from operating activities		33,433,871	24,914,254	(1,986)	29,576,223
Gains arising from business contribution	16	-	26,805,341	-	-
Finance income	17	245,795	99,109	60	59
Finance costs	18	(23,577,774)	(6,358,871)	(56)	-
Profit / (loss) before tax		10,101,892	45,459,833	(1,982)	29,576,282
Income tax expense	19	755,371	(1,670,122)	-	-
Profit / (loss) for the period		10,857,263	43,789,711	(1,982)	29,576,282

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Statements of Changes in Equity - Group

Figures in R	Stated capital	Retained income / (accumulated loss)	Total
Changes in equity			
Profit for the year	-	43,789,711	43,789,711
Dividend recognised as distributions to shareholder	-	(29,576,282)	(29,576,282)
Issue of shares	479,950,920	-	479,950,920
Balance at 29 February 2020	479,950,920	14,213,429	494,164,349
Balance at 1 February 2020	479,950,920	14,213,429	494,164,349
Profit for the period	-	10,857,263	10,857,263
Balance at 31 August 2020	479,950,920	25,070,692	505,021,612

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Statements of Changes in Equity - Company

Figures in R	Stated capital	Retained income / (accumulated loss)	Total
Changes in equity			
Profit for the year	-	29,576,282	29,576,282
Dividend recognised as distributions to shareholder	-	(29,576,282)	(29,576,282)
Issue of shares	479,950,920	-	479,950,920
Balance at 29 February 2020	479,950,920	-	479,950,920
Loss for the period	-	(1,982)	(1,982)
Balance at 31 August 2020	479,950,920	(1,982)	479,948,938

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Runway Property Group Limited and its subsidiaries

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Consolidated and Separate Management Statements for the 6 month period ended 31 August 2020

Statements of Cash Flows

Figures in R	Note	Group 6 month period ended 31 August 2020	Group 1 month period ended 29 February 2020	Company 6 month period ended 31 August 2020	Company 4 month period ended 29 February 2020
Cash flows from / (used in) operations					
Profit / (loss) for the period		10,857,263	43,789,711	(1,982)	29,576,282
Adjustments to reconcile profit / (loss)					
Adjustments for income tax expense		(755,371)	1,670,122	-	-
Adjustments for finance income		(245,795)	(99,109)	(60)	(59)
Adjustments for finance costs		23,577,774	6,358,871	56	-
Adjustments for increase in trade accounts receivable		(4,489,659)	(3,451,227)	-	-
Adjustments for decrease / (increase) in other operating receivables		1,254	(3,209,770)	(24)	-
Adjustments for increase in trade accounts payable		19,835,420	46,428,452	-	-
Adjustments for (decrease) / increase in other operating payables		(476,833)	9,744,103	-	-
Adjustments for depreciation and amortisation expense		1,826,470	3,912,451	-	-
Total adjustments to reconcile profit / (loss)		39,273,260	61,353,893	(28)	(59)
Net cash flows from / (used in) operations		50,130,523	105,143,604	(2,010)	29,576,223
Dividend paid		(29,576,282)	-	(29,576,282)	-
Dividends received		59	-	59	-
Interest paid		(23,577,774)	(6,358,871)	(56)	-
Interest received		245,736	99,109	1	59
Income taxes paid		(484,188)	(516,474)	-	-
Net cash flows (used in) / from operating activities		(3,261,926)	98,367,368	(29,578,288)	29,576,282

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Statements of Cash Flows

Figures in R	Note	Group 6 month period ended 31 August 2020	Group 1 month period ended 29 February 2020	Company 6 month period ended 31 August 2020	Company 4 month period ended 29 February 2020
Cash flows from / (used in) investing activities					
Property, plant and equipment additions through business combination		-	(11,025,165)	-	-
Investment property additions through business combination		-	(1,168,480,644)	-	-
Purchase of property, plant and equipment		(284,672)	(1,521,222)	-	-
Proceeds from sales of investment property		1,099,145	22,680,644	-	-
Purchase of investment property		-	(304,021)	-	-
Investment in subsidiaries		-	-	-	(478,507,920)
Purchase of other financial assets		(47,275)	(25,739,826)	29,577,497	(31,018,223)
Cash flows from / (used in) investing activities		767,198	(1,184,390,234)	29,577,497	(509,526,143)
Cash flows from financing activities					
Proceeds from issuing shares		-	1,443,000	-	1,443,000
Shares issued for investment in subsidiaries		-	478,507,920	-	478,507,920
Proceeds from other financial liabilities		2,123,164	572,151,985	-	-
Proceeds from related party loans		-	35,564,286	-	-
Cash flows from financing activities		2,123,164	1,087,667,191	-	479,950,920
Net (decrease) / increase in cash and cash equivalents		(371,564)	1,644,325	(791)	1,059
Cash and cash equivalents at beginning of the period		1,644,325	-	1,059	-
Cash and cash equivalents at end of the period	8	1,272,761	1,644,325	268	1,059

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Notes to the Consolidated and Separate Management Statements

Figures in R

1. Property, plant and equipment

Balances at year end and movements for the year

	Tenant installations	Capitalised improvements	Total
Reconciliation for the period ended 31 August 2020 - Group			
Balance at 1 March 2020			
At cost	30,523,212	-	30,523,212
Accumulated depreciation	(6,369,276)	-	(6,369,276)
Net book value	24,153,936	-	24,153,936
Movements for the period ended 31 August 2020			
Additions	284,672	-	284,672
Depreciation	(1,826,470)	-	(1,826,470)
Property, plant and equipment at the end of the period	22,612,138	-	22,612,138
Closing balance at 31 August 2020			
At cost	31,140,230	-	31,140,230
Accumulated depreciation	(8,528,092)	-	(8,528,092)
Net book value	22,612,138	-	22,612,138
Reconciliation for the period ended 29 February 2020 - Group			
Balance at 1 March 2019			
At cost	-	-	-
Accumulated depreciation	-	-	-
Net book value	-	-	-
Movements for the period ended 29 February 2020			
Additions through business combinations	10,765,165	260,000	11,025,165
Additions	1,521,222	-	1,521,222
Depreciation	(3,652,451)	(260,000)	(3,912,451)
Increase through transfers from investment property	15,520,000	-	15,520,000
Property, plant and equipment at the end of the period	24,153,936	-	24,153,936
Closing balance at 29 February 2020			
At cost	30,523,212	-	30,523,212
Accumulated depreciation	(6,369,276)	-	(6,369,276)
Net book value	24,153,936	-	24,153,936

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
2. Investment property				
2.1 Balances at year end and movements for the year				
Reconciliation for the period				
Balance at the beginning of the period				
At fair value	1,130,584,021	-	-	-
Net book value	1,130,584,021	-	-	-
Movements for the period				
Additions through business combinations	-	1,168,480,644	-	-
Additions	-	304,021	-	-
Transfer to property, plant and equipment	-	(15,520,000)	-	-
Disposals	(1,099,145)	(22,680,644)	-	-
Investment property at the end of the period	1,129,484,876	1,130,584,021	-	-
Closing balance at the end of the period				
At fair value	1,129,484,876	1,130,584,021	-	-
Net book value	1,129,484,876	1,130,584,021	-	-
2.2 Detail of properties				
2.2.1 Voortrekker Street, Heidelberg				
Portion 8 of Erf 144, Heidelberg				
Purchase price: 3 January 2005	1,000,000	1,000,000	-	-
Revaluation	1,183,329	1,183,329	-	-
Capitalised expenditure	16,671	16,671	-	-
	2,200,000	2,200,000	-	-
2.2.2 Ferndale Village Shopping Centre				
Erf 2112 Ferndale				
Purchase price : 18 November 2009	88,750,000	88,750,000	-	-
Revaluation	22,809,830	22,809,830	-	-
Capitalised expenditure	1,440,170	1,440,170	-	-
	113,000,000	113,000,000	-	-
2.2.3 Palmer Place				
Erf 851 Parktown				
Purchase price : 8 January 2009	6,500,000	6,500,000	-	-
Revaluation	16,635,875	16,635,875	-	-
Capitalised expenditure	864,125	864,125	-	-
	24,000,000	24,000,000	-	-

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
<i>Investment property continued...</i>				
2.2.4 Sophiatown Shopping Centre				
Erf 1781 Triomf Township				
Purchase price: 31 March 2010	22,750,000	22,750,000	-	-
Revaluation	66,993,561	66,993,561	-	-
Capitalised expenditure	2,256,439	2,256,439	-	-
	92,000,000	92,000,000	-	-
2.2.5 Southern Shopping Centre				
Erf 221,222,225,226 and 900 Germinston				
Purchase price: 28 November 2011	31,300,000	31,300,000	-	-
Revaluation	20,746,462	20,746,462	-	-
Capitalised expenditure	1,953,538	1,953,538	-	-
	54,000,000	54,000,000	-	-
2.2.6 Sharon Park Shopping Centre				
Erf 329 Sharon Park				
Purchase price: 30 August 2011	20,517,500	20,517,500	-	-
Revaluation	16,982,500	16,982,500	-	-
	37,500,000	37,500,000	-	-
2.2.7 Sasolburg Square Shopping Centre				
Portion 2 of Erf 24824 Sasolburg				
Purchase price: 23 March 2012	72,500,000	72,500,000	-	-
Revaluation	47,319,175	47,319,175	-	-
Capitalised expenditure	180,825	180,825	-	-
Disposals	-	-	-	-
	120,000,000	120,000,000	-	-
2.2.8 Bryanston				
Erf 5677 Bryanston Ext 29 and Erf 5678 Bryanston Ext 39				
Purchase price: 03 September 2018	-	22,860,644	-	-
Capitalised expenditure	-	(180,000)	-	-
Disposals: 24 July 2019	-	(22,680,644)	-	-
	-	-	-	-

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<i>Investment property continued...</i>				
2.2.9 Erven 382, 383, 2257, 2553, 3032, Portion 1 of Erf 375, 377, 2544, Portion 2 of Erf 376, 377, 385, Portion 3 of Erf 376 and Re of Erf 384 Primrose				
Primrose Square Shopping Centre				
Purchase price: 20 August 2014	3,411,000	3,411,000	-	-
Revaluation	29,106,249	29,106,249	-	-
Capitalised expenditure	48,383,606	49,482,751	-	-
	80,900,855	82,000,000	-	-
2.2.10 Erven 7, 9, Portion 1 of Erf 8 Cramerview and Erf 4832 Bryanston Ext 40				
Cramerview Village Centre				
Purchase price: 23 July 2014	120,000,000	120,000,000	-	-
Revaluation	36,498,088	36,498,088	-	-
Capitalised expenditure	305,933	305,933	-	-
	156,804,021	156,804,021	-	-
2.2.11 Erf Dowerglen Ext 3				
Dowerglen Plaza				
Purchase price: 08 December 2014	42,537,161	42,537,161	-	-
Revaluation	22,462,839	22,462,839	-	-
	65,000,000	65,000,000	-	-
2.2.12 Erf 105 Laser Park Ext 6, Erf 175 Laser Park Ext 6, Erf 115 Laser Park Ext 16, Erf 114 Laser Park Ext 16, Units 1,2 3, 4, 5, 6, 7, 8, 10, 13, 14, 15, and 16 of SS Laser Downs No 12/2000				
Laser Downs Industrial Park (103), Erf 114 and 115 Laser Park, Erf 175 Laser Park (110), Erf 105 Laser Park (111)				
Purchase price: 25 June 2014	9,743,117	9,743,117	-	-
Revaluations	6,894,195	6,894,195	-	-
Capitalised expenditure	9,682,846	9,682,846	-	-
Disposals	(2,220,158)	(2,220,158)	-	-
	24,100,000	24,100,000	-	-
2.2.13 Erf 3562 Noordheuwel Ext 4 Krugersdorp				
Noordheuwel Shopping Centre				
Purchase price: 3 April 2014	108,000,000	108,000,000	-	-
Revaluation	8,786,380	8,786,380	-	-
Capitalised expenditure	3,213,620	3,213,620	-	-
Transfer to property, plant and equipment	(15,520,000)	(15,520,000)	-	-
	104,480,000	104,480,000	-	-

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
<i>Investment property continued...</i>				
2.2.14 Erven 305 and 1524 Selcourt				
Selcourt Centre				
Purchase price: 23 June 2015	14,500,000	14,500,000	-	-
Revaluation	9,841,460	9,841,460	-	-
Capitalised Expenditure	158,540	158,540	-	-
	24,500,000	24,500,000	-	-
2.2.15 Erf 726 Woodmead Ext 14				
Erf 726, Woodmead				
Purchase price: 3 April 2014	6,000,000	6,000,000	-	-
Revaluation	(2,715,400)	(2,715,400)	-	-
Capitalised Expenditure	15,400	15,400	-	-
	3,300,000	3,300,000	-	-
2.2.16 Portion 19 of Erf 181 Edenburg				
Norbuy Office Park				
Purchase price: 3 April 2014	11,500,000	11,500,000	-	-
Revaluation	(1,021,450)	(1,021,450)	-	-
Capitalised expenditure	21,450	21,450	-	-
	10,500,000	10,500,000	-	-
2.2.17 Erf 433 Wynberg Ext 3				
23 Thora Cres Wynberg				
Purchase price: 3 April 2014	8,500,000	8,500,000	-	-
Revaluation	18,150	18,150	-	-
Capitalised expenditure	10,481,850	10,481,850	-	-
	19,000,000	19,000,000	-	-
2.2.18 Erf 7987 Kensington				
Darras Centre (125)				
Purchase price: 29 July 2016	85,000,000	85,000,000	-	-
Revaluation	11,084,680	11,084,680	-	-
Capitalised expenditure	915,320	915,320	-	-
	97,000,000	97,000,000	-	-

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
Investment property continued...				
2.2.19 Linden Square Shopping Centre (6)				
Portion 3 and 4 of Erf 258 Linden Township Registration Division I.Q The Province of Gauteng. 2037.32 square meters				
Purchase price: 24 July 2003	5,050,000	5,050,000	-	-
Revaluation	13,050,000	13,050,000	-	-
	18,100,000	18,100,000	-	-
2.2.20 Erf 52, Florida CBD				
Erf 52 Florida, Corner Goldman Street and 2nd Avenue, 2226 square meters.				
Purchase price: 13 December 2006	7,031,527	7,031,527	-	-
Valuation	4,968,473	4,968,473	-	-
	12,000,000	12,000,000	-	-
2.2.21 Meville Gardens				
Erf 109 Melville				
Purchase price: 14 November 2007	6,156,145	6,156,145	-	-
Revaluation	9,143,855	9,143,855	-	-
	15,300,000	15,300,000	-	-
2.2.22 New Heights 267 - Valhalla				
ERF 1999, Valhalla Township, Reg 3864, 2518.40 square meters.				
Purchase price: 29 June 2001	4,556,347	4,556,347	-	-
Valuation	34,443,653	34,443,653	-	-
	39,000,000	39,000,000	-	-
2.2.23 Erf 206 Boksburg				
Portion 1 of Erf 1622 Boksburg				
Purchase price : 4 August 2011	11,750,000	11,750,000	-	-
Additions since purchase or valuation	55,306	55,306	-	-
Revaluation loss	(1,505,306)	(1,505,306)	-	-
	10,300,000	10,300,000	-	-

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
<i>Investment property continued...</i>				
2.2.24 Portion 1 of Erf 1622 Boksburg				
Portion 1 of Erf 1622 Boksburg				
Purchase price	4,800,000	4,800,000	-	-
Additions since purchase or valuation	69,275	69,275	-	-
Revaluation gain	1,630,724	1,630,724	-	-
	6,500,000	6,500,000	-	-

Registers with details of land and buildings are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.

The properties have been pledged as security as referred to under note 14.

3. Investment in subsidiaries

3.1 The amounts included on the statements of financial position comprise the following:

Investment in subsidiaries	-	-	478,507,920	478,507,920
	-	-	478,507,920	478,507,920

3.2 Carrying amount of investment in subsidiaries

Reflect-all 1025 Proprietary Limited	-	-	166,509,338	166,509,338
Linden Square Shopping Centre Proprietary Limited	-	-	21,169,470	21,169,470
Stand 278 Strijdompark Proprietary Limited	-	-	290,829,112	290,829,112
	-	-	478,507,920	478,507,920

The company's voting power is in direct proportion to its percentage shareholding. The above mentioned subsidiaries are incorporated, operate in South Africa and have February year ends.

The carrying amount of investments in subsidiaries is shown as net of impairment losses. During the current year, there were no impairments of investments in the company.

4. Operating lease receivables

Operating lease receivables comprise the following balances

Operating lease receivable	25,787,101	25,739,826	-	-
	25,787,101	25,739,826	-	-
Non-current assets	22,431,336	22,340,456	-	-
Current assets	3,355,765	3,399,370	-	-
	25,787,101	25,739,826	-	-

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Figures in R	Group 31 August 2020	Group 29 February 2020	Company 31 August 2020	Company 29 February 2020
5. Trade and other receivables				
Trade and other receivables comprise:				
Trade receivables	7,940,886	3,451,227	-	-
Deposits	3,208,516	3,209,770	-	-
Value added tax	-	-	24	-
Total trade and other receivables	11,149,402	6,660,997	24	-
6. Dividends receivable				
Dividends receivable comprise the following balances				
Dividends receivable	-	-	-	28,576,223
7. Loan to group company				
Loan to group company comprise the following balances				
Stand 278 Strijdompark Proprietary Limited	-	-	1,440,726	2,442,000
The above loan is unsecured and accrues interest at 7.75%. No terms of repayment have been specified, other than the loan will not be repaid within the next 12 months.				
	-	-	1,440,726	2,442,000
8. Cash and cash equivalents				
Cash and cash equivalents comprise:				
Cash on hand	562,904	-	-	-
Balances with banks	709,857	1,644,325	268	1,059
Net cash and cash equivalents	1,272,761	1,644,325	268	1,059
9. Stated capital				
Authorised				
1,000,000,000 Ordinary shares of R1 each	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued				
47,995,092 ordinary shares at R10 each	479,950,920	479,950,920	479,950,920	479,950,920
Share reconciliation				
Shares outstanding - beginning of the period	-	-	-	-
Issued for shares	478,507,920	478,507,920	478,507,920	478,507,920
Issued for cash	1,443,000	1,443,000	1,443,000	1,443,000
Shares outstanding - closing	479,950,920	479,950,920	479,950,920	479,950,920

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10. Other financial liabilities				
Other financial liabilities comprise:				
<u>New Heights 267 Proprietary Limited:</u>				
Investec Bank Limited	-	15,141,662	-	-
The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.				
<u>New Heights 224 Proprietary Limited:</u>				
Investec Bank Limited	-	3,458,801	-	-
The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.				
<u>Stand 278 Strijdompark Proprietary Limited</u>				
Nedbank Limited	206,230,177	205,240,837	-	-
The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.				
Investec Bank Limited	-	36,951,384	-	-
The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.				
Retention of the joint and several continuing suretyship by E. Marks and P.A. Marks and R. Cendrowski and CEZ Investments (Pty) Ltd and PSM Holdings (Pty) Ltd to R12,500,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. The suretyship is in addition to and without prejudice to any other security now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.				

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Other financial liabilities continued...

Investec Bank Limited 254264010	56,695,888	-	-	-
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The above bond was secured by Erf 329 Sharon Park, Erven 221, 222, 225, 226 & 900 South Germiston as referred to in note 2, repayable in 24 monthly instalments of R440,211 and incurs interest at prime less 0.85%.

Execution of a joint and several continuing guarantee by PSM Holdings (Pty) Ltd and P.A. Marks and E. Marks limited to R40,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by Cez Investments (Pty) Ltd and Z.R. Cendrowski limited to R25,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by New Heights 224 (Pty) Ltd limited to R15,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by New Heights 267 (Pty) Ltd limited to R16,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

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Other financial liabilities continued...

Execution of a joint and several continuing guarantee by Reflect-All 1025 (Pty) Ltd limited to R117,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by Markscend Group Holdings (Pty) Ltd limited to R30,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Reflect-all 1025 Proprietary Limited:

Investec Bank Limited - 232083006

	-	40,475,496	-	-
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The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.

Execution of a joint and several continuing guarantee by PSM Holdings (Pty) Ltd and P.A. Marks and E. Marks limited to R29,750,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by Z.R. Cendrowski and CEZ Investments CC limited to R29,750,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

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Other financial liabilities continued...

Investec Bank Limited - 232083007

	-	46,151,655	-	-
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The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.

Execution of a joint and several continuing guarantee by PSM Holdings (Pty) Ltd and P.A. Marks and E. Marks limited to R17,700,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Nedbank Limited

	-	224,732,150	-	-
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The above mortgage bond is secured by investment property as referred to in note 5, payable in monthly instalments and incurs interest at rates linked to prime.

Investec Private Bank 232083008

	101,332,457	-	-	-
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The loan is secured by the mortgage bond for Erven 807, 809, 7942 and the remains of Erf 7987 Kensington, Erf 678 and Portion 1 of Erf 847 Dowerglen Ext 3, Erf 305 and 1524 Selcourt as referred to in note 2, repayable in 24 monthly instalments of R867,309 and incurs interest at prime less 0.85% .

Execution of a joint and several continuing guarantee by PSM Holdings (Pty) Ltd and P.A. Marks and E. Marks limited to R40,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

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Other financial liabilities continued...

Execution of a joint and several continuing guarantee by Cez Investments (Pty) Ltd and Z.R. Cendrowski limited to R25,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by Stand 278 Strijdom Park (Pty) Ltd limited to R60,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by New Heights 224 (Pty) Ltd limited to R15,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

Execution of a joint and several continuing guarantee by New Heights 267 (Pty) Ltd limited to R16,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.

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<i>Other financial liabilities continued...</i>				
Execution of a joint and several continuing guarantee by Markscend Group Holdings (Pty) Ltd limited to R30,000,000 plus interest and costs, in favour of Investec in a form acceptable to Investec. This guarantee is in addition to and without prejudice to any other security (including any suretyships/guarantees signed by this surety) now or hereafter to be held by Investec, relating to the borrower's indebtedness to Investec.				
Nedbank 30174005	226,271,266	-	-	-
The loan is secured by a mortgage bond over investment property as per note 2. The loan is repayable in monthly instalments and incurs interest at JIBAR rates.				
The following suretyships exist for the above mortgage bond:				
P.A. Marks for the amount of R20,000,000				
S. Marks for the amount of R20,000,000				
PSM Holdings (Pty) Ltd for the amount of R80,000,000				
P.A. Marks and S. Marks for the aggregated amount of R60,000,000.				
	590,529,788	572,151,985	-	-

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11. Loans from related parties				
Loans from related parties comprise:				
CEZ Investments Proprietary Limited	-	28,017,162	-	-
The above loan is unsecured and incurs interest at 7.75%. No terms of repayment have been specified, other than the loan will not be repaid within the next 12 months.				
PSM Holdings Proprietary Limited	-	7,547,124	-	-
The above loan is unsecured and incurs interest at 7.75%. No terms of repayment have been specified, other than the loan will not be repaid within the next 12 months.				
Markscend Group Holdings Proprietary Limited	5,000,000	-	-	-
The above loan is unsecured and incurs interest at 7.75%. No terms of repayment have been specified, other than the loan will not be repaid within the next 12 months.				
Benav Properties Proprietary Limited	14,309,647	-	-	-
The above loan is unsecured and incurs interest at 7.75%. No terms of repayment have been specified, other than the loan will not be repaid within the next 12 months.				
	19,309,647	35,564,286	-	-
12. Trade and other payables				
Trade and other payables comprise:				
Trade creditors	66,263,872	46,428,452	-	-
Deposits received	8,249,068	8,629,659	-	-
Value added tax	1,018,202	1,114,444	-	-
Total trade and other payables	75,531,142	56,172,555	-	-
13. Dividend payable				
Dividend payable comprise:				
Markscend Proprietary Limited	-	29,576,282	-	29,576,282
	-	29,576,282	-	29,576,282

This dividend represents approximately 75% distribution of the profits and is in line with the taxation requirements of a REIT.

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14. Revenue				
Revenue comprises:				
Rental income	42,823,773	16,316,435	-	-
Straight line- Rental income	41,625,717	16,494,871	-	-
REIT dividends received	-	-	-	29,576,223
Total revenue	84,449,490	32,811,306	-	29,576,223
15. Other income				
Other income comprises:				
Sundry income	-	9,750	-	-
Total other income	-	9,750	-	-
16. Gains arising from business combination				
Gain on bargain purchase price	-	26,805,341	-	-
	-	26,805,341	-	-
<p>The gain on bargain purchase arose from the business combination that came into effect as at 01 February 2020 as a result of the group restructure. The bargain purchase is calculated as the difference between the fair value of the acquired net assets and the purchase prices of the investments.</p>				
17. Finance income				
Finance income comprises:				
Investment income	2,043	-	-	-
Interest received	243,693	99,109	1	59
Discount received	59	-	59	-
Total finance income	245,795	99,109	60	59
18. Finance costs				
Finance costs included in profit or loss:				
Interest paid - Other financial liabilities	23,577,774	6,358,871	56	-
Total finance costs	23,577,774	6,358,871	56	-

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19. Income tax expense				
19.1 Income tax recognised in profit or loss:				
Current tax				
Current year	755,371	-	-	-
Prior year adjustment	-	(1,670,122)	-	-
Total current tax	755,371	(1,670,122)	-	-
Total income tax expense	755,371	(1,670,122)	-	-
19.2 The income tax for the period can be reconciled to the accounting profit / (loss) as follows:				
Profit / (loss) before tax from operations	10,101,892	45,459,833	(1,982)	29,576,282
Income tax calculated at 28.0%	(2,828,530)	(12,728,753)	(555)	8,281,359
Tax effect of prior year adjustment	3,583,901	(1,670,122)	555	-
Tax effect of qualifying distribution from the subsidiaries	-	12,728,753	-	(8,281,359)
Tax charge	755,371	(1,670,122)	-	-