



Adrenna Property Group Limited

(Incorporated in the Republic of South Africa)

(Registration number 1998/012245/06)

(JSE share code: ANA)

ISIN: ZAE000163580

CONSOLIDATED UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 31 August 2017 R'000 (unaudited)	Six months ended 31 August 2016 R'000 (unaudited)	12 months ended 28 February 2017 R'000 (audited)
Revenue	13 076	11 765	26 160
Gross profit	13 076	11 765	26 160
Operating income before interest and revaluations	9 312	6 572	16 226
Fair value adjustments on investment properties	448	4 662	19 018
Investment income	432	498	953
Finance costs	(3 032)	(3 537)	(6 732)
Net income from Non-current Assets Held For Sale	-	62	-
Net income before taxation	7 160	8 257	29 465
Taxation	(2 542)	(2 098)	(8 368)
Income after taxation for the period	4 618	6 159	21 097
Non-controlling interest	-	-	-
Income attributable to ordinary shareholders	4 618	6 159	21 097
Total net profit	4 618	6 159	21 097
Other comprehensive income	-	-	-
Total comprehensive income attributable to:			
- Ordinary shareholders	4 618	6 159	21 097
- Non-controlling interests	-	-	-
	4 618	6 159	21 097

CONDENSED STATEMENT OF FINANCIAL POSITION

	31 August 2017 R'000 (unaudited)	31 August 2016 R'000 (unaudited)	28 February 2017 R'000 (audited)
ASSETS			
Non-current assets			
Investment properties	231 562	214 795	229 954
Property, plant and equipment	18	-	-
Loans owing by third parties	4 912	6 334	5 447
Operating lease assets	6 913	5 235	6 889
Deferred taxation	254	779	289
	243 659	227 143	242 579
Current assets			
Loans owing by third parties	2 190	1 842	1 873
Inventory	1 430	1 430	1 430
Accounts receivable	2 854	1 363	3 082
Operating lease assets	2 871	2 375	2 871
Current taxation receivable	146	421	40
Cash and cash equivalents	6 554	149	263
	16 045	7 580	9 559
Non-current assets held for sale	6 000	6 745	-
Total assets	265 704	241 468	252 138
EQUITY AND LIABILITIES			
Equity			
Stated capital and reserves	151 139	131 583	146 521
Non-current liabilities			
Borrowings	59 913	60 040	54 606
Deferred tax	39 060	33 821	38 435
	98 973	93 861	93 041
Current liabilities			
Current portion of borrowings	11 030	8 179	9 626
Accounts payable	1 654	1 321	1 280
Taxation payable	1 262	42	313
Bank overdraft	1 646	6 482	1 357
	15 592	16 024	12 576
Total equity and liabilities	265 704	241 468	252 138

CONDENSED STATEMENT OF CASH FLOWS

	Six months ended 31 August 2017 R'000 (unaudited)	Six months ended 31 August 2016 R'000 (unaudited)	12 months ended 28 February 2017 R'000 (audited)
Cash generated by operations	8 190	7 007	12 687
Finance costs	(3 032)	(3 537)	(6 732)
Investment income – interest	432	498	953
Taxation refunded	130	-	281
Taxation paid	(1 170)	(264)	(1 058)
	4 550	3 704	6 131
Cash flows from investing activities			
Proceeds from sale of investment property	5 500	-	6 745
Acquisition of investment property	(10 959)	-	(804)
Acquisition of equipment	(18)	-	-
Net movement in loans owing by third parties	219	851	1 708
	(5 258)	851	7 649
Cash flows from financing activities			
Repayment of borrowings	(3 290)	(5 010)	(8 996)
Raising of bond finance	10 000	-	-
	6 710	(5 010)	(8 996)
Movements in cash and cash equivalents	6 002	(455)	4 784
Cash and cash equivalents at the beginning of the period	(1 094)	(5 878)	(5 878)
Cash and cash equivalents at the end of the period	4 908	(6 333)	(1 094)

CONDENSED STATEMENT OF CHANGES IN EQUITY

	31 August 2017 R'000 (unaudited)	31 August 2016 R'000 (unaudited)	28 February 2017 R'000 (audited)
STATED CAPITAL			
Ordinary stated capital	567	567	567
RESERVES			
Retained earnings	145 954	124 857	124 857
Balance at beginning of period	-	-	-
Comprehensive income attributable to ordinary shareholders	4 618	6 159	21 097
Balance at the end of the period	150 572	131 016	145 954
Total reserves attributable to:			
Ordinary shareholders	150 572	131 016	145 954
Non-controlling interests	-	-	-
Total reserves	150 572	131 016	145 954
Total equity and reserves	151 139	131 583	146 521

SUPPLEMENTARY INFORMATION

	31 August 2017 (unaudited)	31 August 2016 (unaudited)	28 February 2017 (audited)
Number of ordinary shares in issue at the beginning of the period ('000)	55 915	55 915	55 915
Number of ordinary shares in issue at the end of the period ('000)	55 915	55 915	55 915
Weighted average number of shares in issue during the period ('000)	55 915	55 915	55 915
Basic earnings:			
Net profit per condensed statement of comprehensive income (R'000)	4 618	6 159	21 097
Basic earnings per share (cents)	8,3	11,0	37,7
Headline earnings			
Net profit per condensed statement of comprehensive income (R'000)	4 618	6 159	21 097
Profit on sale of investment property (R'000)	(1 700)	-	(355)
Revaluation of investment property (net of taxation) (R'000)	(331)	(3 357)	(13 417)
Headline earnings (R'000)	2 587	2 802	7 325
Headline earnings per share (cents)	4,6	5,0	13,1
Dividends per share (cents)	-	-	-
Net asset value per share (cents)	270,3	235,3	262,0
Net tangible asset value per share (cents)	270,3	235,3	262,0

NOTES: -BASIS OF PREPARATION

These condensed consolidated financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, the requirements of the Companies Act of South Africa and the Listings Requirements of the Johannesburg Stock Exchange. The unaudited condensed consolidated results have been prepared on the going concern basis as the directors are of the view that the group has adequate resources in place to continue in operation for the foreseeable future. The accounting policies applied are in compliance with International Financial Reporting Standards and the SAICA Financial Reporting Guides (formerly the AC 500 Standards) as issued by the Accounting Practices Committee and its successor and are consistent with those applied in the most recent annual financial statements. These results were prepared by the Financial Director, Mr H Beukes. These results have not been reviewed or audited.

CONDENSED SEGMENT RESULTS

	Six months ended 31 August 2017 (unaudited)	Six months ended 31 August 2016 (unaudited)	12 months ended 28 February 2017 (audited)
Revenue			
Investment Property Holding	12 852	11 765	26 160
Property-related Services	-	-	-
Property Held for Resale	-	-	-
Head Office Administration	224	-	-
Non-current Assets Held For Sale	-	-	-
	13 076	11 765	26 160
Income/(Loss) before taxation			
Investment Property Holding	9 797	10 718	34 184
Property-related Services	-	-	-
Property Held for Resale	-	-	-
Head Office Administration	(2 637)	(2 523)	(4 719)
Non-current Assets Held For Sale	-	62	-
	7 160	8 257	29 465
Total assets			
Investment Property Holding	240 669	225 078	241 677
Property-related Services	-	-	-
Property Held for Resale	1 430	1 430	1 430
Head Office Administration	17 605	8 215	9 031
Non-current Assets Held For Sale	6 000	6 745	-
	265 704	241 468	252 138
Total liabilities			
Investment Property Holding	112 894	103 174	104 137
Property-related Services	-	-	-
Property Held for Resale	-	-	-
Head Office Administration	1 671	6 711	1 480
Non-current Assets Held For Sale	-	-	-
	114 565	109 885	105 617

GENERAL REVIEW AND FINANCIAL RESULTS

In accordance with the directors' intention to maximise asset value, the group decided to embark on a focused restructuring within the portfolio. During the interim period being reported on, the group successfully converted and exchanged non-contributing assets into a single value-generating asset.

To assist with facilitation of the restructuring, an additional flexi-facility of R 10 million was raised with ABSA Bank Ltd during the period.

Revenue for the period ended 31 August 2017 reflects an increase of 11,1% on the comparable results for 2016. The positive revenue-generating effects of the restructuring exercise, together with escalations effected on certain large tenants within the portfolio, have combined to result in this increase.

After exclusion of accounting profits yielded on disposals, operating profits before interest and revaluations for the

period ended 31 August 2017 reflect an increase of 15,8% on the comparable period for 2016. Maximisation of revenue-generating activities and continued focus on cost limitation have produced these results.

The group continued to decrease its existing bank overdraft with First National Bank, and through effective treasury management the group now finds itself in a positive cash position. Elimination of interest incurred on the overdraft balance has reduced the group's overall finance cost when compared with the comparable period for 2016.

Activities within the period ended 31 August 2017 have produced an improvement in Net Asset Value per share of 8,3 cents since the financial year ending 28 February 2017. The group has experienced a marginal decrease in Headline Earnings per Share of 0,4 cents in comparison with the previous period ended 31 August 2016.

RELATED PARTY INFORMATION

	R
Rental charged – RMS Property and Facilities Management Pty Ltd	180 000
Rental charged – RMS Corporate Solutions Pty Ltd	75 000
Asset management fees paid – RMS Corporate Solutions Pty Ltd	(1 735 386)
Director emoluments	(335 226)
Professional and consulting fees paid to companies associated with directors	(1 109 700)

DIVIDENDS

The directors have resolved to retain cash in the group to ensure future growth, thus no dividend has been recommended.

JOHANNESBURG

30 November 2017

DIRECTORS: W P Alcock† (Chairman), R P Fertig (Chief Executive Officer), H Beukes CA(SA) (Financial Director), B Mothelesi*, M Moela*, R Watson* (†Non-executive) (*Independent non-executive)

COMPANY SECRETARY: B W Kaiser

TRANSFER SECRETARIES: Computershare Investor Services (Pty) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.

REGISTERED OFFICE: 2969 William Nicol Drive, Wedgewood Link, Bryanston, 2021

SPONSOR: Arbor Capital Sponsors (Pty) Limited

REGISTERED AUDITORS: RSM South Africa Incorporated