Contents

Directors & Administration

Executive directors
RP Fertig (Chief Executive Officer)[^§]

H Beukes CA(SA) (Financial Director)[^$]

Non-executive directors
B Mothelesi[+*#]

M Moela[+*^§#]

WP Alcock (Chairman)[+*§]

RS Watson (Appointed 1 September 2013)[+*#]

#Independent
+Member of the Audit Committee
**Member of the Remuneration Committee*
^Member of the Risk Committee
§Member of the Social and Ethics Committee

Secretary and registered office
BW Kaiser

2969 William Nicol Drive

(Wedgewood Link), Bryanston 2021

(PO Box 62213, Marshalltown 2107)

Auditors
RSM Betty & Dickson (Johannesburg)
Registered Auditors

Executive City

Cross Street and Charmaine Avenue

President Ridge, Randburg 2194

(PO Box 1734, Randburg 2125)

Transfer secretaries
Computershare Investor Services Proprietary Limited

(Registration number 2004/003647/07)

70 Marshall Street, Johannesburg 2001

(PO Box 61051, Marshalltown 2107)

Primary Bankers
First National Bank – a division of FirstRand Limited

Commercial Banking

(Registration number 1929/001225/06)

1st Floor, FNB Building, Enterprise Road, Fairland, Johannesburg 2001

(PO Box 7791, Johannesburg 2022)

Company registration number
1998/012245/06

Country of incorporation and domicile
South Africa

Share code
ANA

ISIN
ZAE000163580

Preparation and supervision of financial statements
The preparation of the annual report was supervised by Hartmann Beukes, the group Financial Director. These annual financial statements have been duly audited as required by paragraph 30(2)(a) of the Companies Act, No. 71 of 2008.

Corporate Governance

Review

The group is committed to and complies with the principles of openness, integrity, accountability, transparency and social responsibility in accordance with the Code of Corporate Practices and Conduct embodied in the King III Report. An analysis of the application of Corporate Governance principles as set forth by the King III Report has been provided per Appendix C.

The directors have established mechanisms and policies which are appropriate to the business and risks of the group and which ensure compliance with principles of responsible corporate governance and the continuous re-assessment of the quality of the group's corporate governance practices. Changes and refinements are made from time to time to recognise, where appropriate, international trends and best practices.

BOARD OF DIRECTORS

Composition of the board of directors
The composition of the board of directors has, following the appointment of Mr Robert Watson on 1 September 2013, been increased to six directors, four of whom are non-executive (three independent), whilst the other two are the Chief Executive Officer and the Group Financial Director. The independence of the independent non-executive directors is assessed on an annual basis. Mr M Moela also acts as the lead independent non-executive director.

The appointment of Robert Watson has been approved by the directors of the company, and has been processed through the JSE Limited. This appointment will be lodged through the offices of the Companies and Intellectual Property Commission once approved at the Annual General Meeting to be held on 27 June 2014.

Appointment of directors
Nominees for directorships are evaluated and interviewed by standing executives in order to be satisfied that such nominees will be able to contribute the necessary skills to the group before being offered a position on the board of directors. Background and reference checks are performed prior to consideration of an individual for nomination.

Role and function of the board of directors
The board of directors is responsible for the correct management and ultimate control of the group, while emphasising the need for ethical business practices and taking into account the group's impact on internal and external stakeholders.

In order to meet their responsibility to stakeholders, the board is responsible for setting the strategic objectives of the group, determining investment and performance criteria, setting ethical values to which the group will adhere, ensuring that management aligns itself to the ethical values of the group, and promoting a stakeholder-inclusive approach of governance.

The board continually monitors the relationship between management and the stakeholders of the group, and is actively working towards ensuring that the group not only survives but also thrives. To achieve this, the board assesses any risks that the group may face, ensures that the strategy formulated is aligned with the purpose of the group, and ensures that the strategy will result in sustainable outcomes.

The group CEO is primarily responsible for the management of the group and liaising with the appointed operating executives. The CEO's responsibilities include ensuring that agreed strategies are implemented. He also investigates and evaluates corporate opportunities which are then presented to the directors for consideration.

The group Financial Director is responsible for managing the financial systems, liaising with the external auditors, ensuring compliance with applicable legislation and financial corporate governance as well as the preparation of the annual financial statements in accordance with the Listings Requirements of the JSE Limited and International Financial Reporting Standards.

The three independent non-executive directors are members of and chair the Audit and Remuneration Committees.

Appraisal of directors
The board performs periodic evaluations of the performance of individual directors, wherefrom any needs are identified and appropriate action plans are compiled.

Directors' Responsibilities, Financial Reporting and Companies Act updates are addressed throughout the year on a continuous basis.

Independence of the board of directors
The board of directors' independence from the daily management team is maintained as follows:

- the non-executive directors do not hold any service contracts and their remuneration is not linked to the financial performance of the group; and
- all directors have access to the advice and services of the Company Secretary and are entitled to seek independent professional advice on the affairs of the group at the company's expense.

CORPORATE GOVERNANCE CONTINUED

The independence of the independent non-executive directors was reviewed and assessed during the year under review, and no potential conflicts of interest or issues which may negatively affect independence were identified. Said independence has been confirmed by the independent non-executive directors.

The board of directors meet formally on at least a quarterly basis, with additional meetings convened when circumstances necessitate. The group's overall daily operations are managed and overseen by executive directors of each operating subsidiary who report to the main board at least on a monthly basis with *ad hoc* meetings taking place regularly.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units, which are revised on a six-monthly basis. Individual and consolidated operational budgets are reviewed and approved by the board. Monthly results and the financial status of operating units are reported against approved budgets.

The directors are aware of the need for the chairperson of the audit committee to be independent as well as the requirement that this committee needs to include at least three non-executive directors. In this regard the audit committee is chaired by one of the Independent directors, Ms B Mothelesi.

Directors' attendance at company meetings

The table below sets out the attendance of directors at the company's formal board meetings held during the year. All directors were actively involved at board level:

Director	Meetings attended
RP Fertig	3/4
WP Alcock	3/4
H Beukes	4/4
B Mothelesi	4/4
M Moela	4/4
R Watson	1/1

Directors' remuneration

None of the executive directors are remunerated directly by the holding company. There are consultancy agreements which have been entered into with entities controlled by the Chief Executive Officer. The group Financial Director is remunerated by a company outside of the group which then recovers its costs by way of a management fee charged to the company. Information relating to consultancy agreements are disclosed in note 15 of this report. There are no service contracts with the executive directors. Details of directors' remuneration are set out in note 23 of this report.

BOARD COMMITTEES

Audit Committee

The group Audit Committee is chaired by an independent non-executive director and consists of the chairman of the company and the three non-executive directors.

Committee members:

B Mothelesi (Chair)#

M Moela#

RS Watson#

WP Alcock

 # Independent

The report of the Audit Committee is set out on page 04.

Remuneration/Nominations Committee

In view of the fact that the company has no full time employees the Remuneration/ Nominations Committee meets on an ad hoc basis. The Committee is chaired by an independent non-executive director and consists of the chairman of the company and the three non-executive directors.

Committee members:

M Moela (Chair)#

B Mothelesi#

R S Watson#

WP Alcock

 # Independent

The group HR consultants attend meetings by invitation.

Remuneration report

The company outsources all services and, as such, does not employ any staff. As a result the committee did not meet formally during the year under review. It did meet on an informal basis to approve the nomination and appointment of R Watson as an independent director.

RISK MANAGEMENT

Risk Committee

The Risk Committee is chaired by the Chief Executive Officer of the company and includes one non-executive director, the group Financial Director and the Company Secretary.

Committee members:

RP Fertig (Chair)

M Moela#

BW Kaiser (Company Secretary)

H Beukes

 # Independent

The committee has set a framework of financial reporting, internal and operating controls to ensure reasonable assurance as to timeous reporting of business information, safeguarding of company assets, compliance with statutory law and regulations, recording of company results and operations in terms of the company's standards of business conduct. This includes monthly meetings with operating executives and continual cash flow reviews.

There have been no instances of non-compliance by either the group or its directors in their capacities as such.

The directors are actively involved in the identification, assessment and management of risks inherent to the group. Monthly meetings of all operations are attended by the executive directors where risk areas are discussed and plans to address these areas are formulated. Any plans arising from these meetings are implemented as soon as possible so as to ensure the effective management of risks. The board has assessed this process, and the results thereof, and are satisfied that the system has operated effectively and continues to do so. No undue, unusual or unexpected risks arose during the current year. Further information regarding Financial Risk Management is contained in the notes to the financial statements.

The board of directors is responsible for monitoring the ongoing effectiveness of these controls and operating frameworks. The external auditors have unrestricted access to the directors of the group. There is a close communication between the board of directors and the external auditors. Areas of control weakness are brought to the attention of all relevant parties and remedial action is taken immediately to ensure no loss or misstatement due to the inadequacy of the internal control environment.

Details of an assessment of Financial Risks are set out in note 22 of this report.

CODE OF ETHICS

The board of directors has established a Social and Ethics Committee which forms the core of the values and ethics subscribed to by the group. These values and ethics are sustained by the directors' belief in free and fair dealings in utmost good faith and respect for the law and regulations. All employees, including directors, are required to act with honesty and integrity and to maintain the highest ethical standards internally and externally. The committee's charter includes monitoring the 10 principles set out in the United Nations Global Compact Principles and the OECD recommendations regarding corruption.

Committee members:

WP Alcock (Chair)

RP Fertig

M Moela#

H Beukes

 # Independent

Safety, health, the environment and social responsibility

The company accepts its responsibility to its stakeholders in matters relating to the environment, health and safety. All activities are conducted in compliance with applicable laws and regulations.

The company:

- adopts a non-discriminatory employment practice regardless of a potential employee's HIV/AIDS status;
- prohibits the testing of individuals for the purpose of selection; and
- maintains confidentiality regarding an individual's HIV/AIDS status.

The company actively supports the upliftment of the previously disenfranchised by supporting desirable causes in the social welfare arena.

Human resources

The group is committed to providing equal opportunities for potential employees regardless of their ethnic origins, or gender or any other matter. A programme is in place to ensure that the employee profile is representative of the demographics of the country whilst maintaining the group's high standards.

The company has submitted its original Employment Equity Report and the ongoing annual revisions of the Report are submitted to the Department of Manpower in compliance with the Employment Equity Act.

SUSTAINABILITY REPORTING

Financial results

The directors have given their commentary regarding the financial results in the Directors' Report.

The main contributor to the group's continuing operating profit before tax is the investment in income producing fixed property. Significant rental revenues have been achieved and it is the opinion of the directors that these operations will be the main focal point of the group going forward. In this manner the group will ensure the maximisation of shareholder wealth.

Going concern

In the opinion of the directors the group has adequate resources to continue in operational existence for the foreseeable future. Financial gearing, cash flows and access to loan capital are considered to be sufficient to fund existing and future operations. For this reason, the directors continue to adopt the going concern basis in preparing the annual financial statements.

Negative impacts on operations

Occupancy levels of all buildings held for rental purposes have been identified as a significant factor in the level of revenue generated by the group. Any declines in tenancy will directly impact the level of operating income generated, and as the majority of the group's assets comprise investment property, this may lead to material fluctuations in results.

As at 28 February 2014 the total occupancy level of country-wide investment properties was 96,0% (2013: 96,0%). This is in line with expectations, taking into account the current economic conditions.

An occupancy level within a range of 90% to 95% was identified as being the group's intended performance indicator for the year to 28 February 2014. As can be seen from the above this has been achieved and remains the target for the year to 28 February 2015.

Positive impacts on operations

The demand for mini-factory and light industrial premises during the year remained at a high level resulting in a positive growth in earnings from this sector.

The executive directors of the group are evaluating an expansion of lettable space in order to enable further growth, which expansion will only be actioned should suitable long term tenants be found.

COMMUNICATION WITH STAKEHOLDERS

The company is committed to a policy of timeous and effective communication with shareholders and other stakeholders through shareholder meetings, the annual financial report and interim financial report. Matters of both financial and non-financial nature are communicated to stakeholders in a timeous and transparent fashion.

No requests for information that were lodged with the group in terms of the Promotion of Access to Information Act were refused.

COMPANY SECRETARY

The Company Secretary is responsible for the compliance with the requirements of the JSE Limited, South African Revenue Services and the Companies and Intellectual Property Commission, as well as other regulatory bodies. The board has reviewed the Company Secretary's credentials and are satisfied that, as a qualified Chartered Accountant with lengthy experience in the corporate world, predominately in merchant banking and the corporate finance division of a major stockbroking firm, which required liaison with the JSE Limited and other bodies, the present incumbent, who has performed this function since 2003, is suitably qualified for the position.

SHARE DEALINGS BY DIRECTORS

All dealings by directors are regulated and monitored as required by the Listings Requirements of the JSE Limited. No director or staff member is permitted to deal in shares without prior approval from the Company Secretary/Chairman. Details of directors' shareholdings are set out in the Shareholders' information section of this annual report.

PROFILES OF DIRECTORS

Mr RP Fertig
Ricky Fertig, is the Chief Executive Officer of Adrenna Property Group Limited.

After establishing a successful human resources consultancy group, Mr Fertig participated in the listing of the Quyn Group on the Johannesburg Stock Exchange in 1999. Quyn subsequently acquired the Colliers group of companies in South Africa and changed its name to Colliers South Africa Holdings Limited, which was then changed to Adrenna Property Group Limited in February 2012.

Ricky has been intimately involved in the development, acquisition and disposal of properties and is responsible for the successful growth of the portfolio of investment properties, and is continually involved in investigations and negotiations to acquire further income-producing properties.

Mr M Moela
Miller was born in Diepkloof, Soweto and matriculated at Bopasenatla High School in Diepkloof in 1981. In 1984 Miller started working at the then Johannesburg Stock Exchange as a price recorder on the trading floor. He enrolled for a BCom (Law) degree at the then Vista University, Soweto Campus. After completion of the junior degree he enrolled for an LLB post-graduate degree at the same university.

In 2002 he was admitted to practice as an Advocate of the High Court of South Africa. In the same year he enrolled for a two-year post-graduate Advanced Diploma in Company Law at the University of the Witwatersrand, completing the diploma in 2003.

In May 2004 he joined the board of LPC Manhattan Sponsors Proprietary Limited. The company has merged with Arcay Sponsors and is now called Arcay Moela Sponsors Proprietary Limited. He is a main board member of Adrenna Property Group Limited and chairs the Remuneration/ Nominations Committee.

Ms B Mothelesi
Boitumelo holds a BCom Hons from UNISA having majored in Investment Management, Business Finance and Risk Management. She also holds a BCTA from the University of Natal majoring in Financial Accounting, Taxation and Auditing. She has a Treasury Operations Certificate from Association Cambiste Internationale (ACT). In addition, she holds an MBL from UNISA, is a Main Board member of the South African Post Office and Chairs the PostBank Committee.

Boitumelo served her articles with PricewaterhouseCoopers and has subsequently accumulated substantial financial market experience. She is a main board member of Adrenna Property Group Limited and chairs the Audit Committee.

Mr WP Alcock
Wayne is the Chief Executive Officer of the Human Resources division which was the subject of a management buy-out during the 2010 financial year. Wayne has remained on the board as a non-executive director as his in-depth knowledge of the operations of the group over the past years would be difficult to replace. In addition Wayne is well-positioned to assist in the formulation of human resources policies. Wayne was appointed as chairman of the company during the 2012 financial year.

Mr H Beukes
Hartmann Beukes, who qualified as a Chartered Accountant in 2009, has been with the group as group financial manager since late 2010 and was appointed as the Financial Director of Adrenna Property Group Limited and its subsidiaries in early 2013. Hartmann has provided valuable input into the compilation of the group financials and is a valued member of the executive team.

Mr RS Watson
Robert Watson initially trained as an Aircraft Flight Engineer and a Commercial Pilot. During 1970 he obtained diplomas in Business and Production Management and his DMS NTC4 in Aircraft Engineering. In 1974 Robert joined Hans-Merensky-Singisi Forest Products as a production and marketing manager and in 1976 moved to LTA Precast Building systems as a general manager. In 1979 he started his own business, Robs Earthmoving Equipment and Agencies which he still operates. Robert brings with him a wealth of business and practical experience.

Financial Highlights

- **Operating income down 2,4% from R12,6 million to R12,3 million**
- **Borrowings directly related to properties down from 43,2% to 38,9%**
- **Basic EPS up 16,5% from 18,8 cents to 21,9 cents**
- **Headline EPS up 32,2% from 5,9 cents to 7,8 cents**
- **NAV per share up 13,1% from 174,5 cents to 197,4 cents**
- **Tangible NAV per share up 13,1% from 174,5 cents to 197,4 cents**

Directors' responsibilities and approval of the financial statements

The directors are required by the Companies Act, No. 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report.

It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The financial statements which are prepared in accordance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act, No. 71 of 2008, are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the company, thereby ensuring that the company's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within pre-determined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecasts for the year to 28 February 2015 and, in the light of the review and the current financial position, they are satisfied that the group has or will have access to adequate resources to continue in operational existence for the foreseeable future.

Although the directors are primarily responsible for the financial affairs of the group, they are supported by the group's external auditors. The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented herewith.

The financial statements set out herein which have been prepared on the going concern basis, were approved by the board on 10 April 2014 and are signed on its behalf by:

RP Fertig
Chief Executive

H Beukes
Financial Director

Report of the Audit Committee

FOR THE YEAR ENDED 28 FEBRUARY 2014

The report of the Audit Committee is presented as required by section 94(7)(f) of the Companies Act, No. 71 of 2008.

Functions and responsibilities of the Audit Committee

The role of the Audit Committee is to assist the board in performing an objective and independent review of the functioning of the organisations' financial and accounting control mechanisms. It exercises its functions through close liaison and communication with corporate management and the external auditors.

The committee is guided by its terms of reference, dealing with membership, structure and levels of authority and has the following responsibilities:

- ensuring that the appointment of an auditor complies with applicable legislation and the requirements of regulatory authorities;
- nominating for the appointment of a registered external auditor and the assessment of its independence of the company;
- matters relating to financial accounting, accounting policies, reporting and disclosures;
- external audit policy including determination of fees and terms of engagement;
- review/approval of external audit plans, findings, problems, reports, fees and determination and approval of non-audit services that the external auditor may provide to the company;
- consulting with the external auditors alone to discuss any concerns they may have regarding their findings during the audit; and
- compliance with the company's code of ethics.

The Audit Committee addressed its responsibilities properly in terms of the charter during the 2014 financial year. No changes to the charter were adopted during the 2014 financial year. The Audit Committee has satisfied itself as to the Financial Director's experience and expertise. The Audit Committee continually re-assesses the charter to ensure compliance with King III and the Companies Act, No. 71 of 2008 as well as reviewing the accounting policies and systems of the group with the Financial Director.

Members of the Audit Committee

The Audit Committee consists of the chairperson and the three independent non-executive directors. The external auditors, the Chief Executive Officer, the Financial Director and the other members of the company's executive are all invited to attend the Audit Committee meetings.

Frequency of meetings

The committee met once during the 2014 financial year.

Independence of external auditors

One of the responsibilities of the Audit Committee is the assessment of the independence of the external auditor. The committee is satisfied that the external auditor is independent of the company and group. The external auditor has also confirmed that its personnel are independent of the company.

Review of finance function

The Audit Committee has performed a review of the adequacy of the group's finance function, and has satisfied itself that this function is composed of individuals with the knowledge, expertise and qualifications necessary to fulfil their duties effectively. The group Financial Director has been approved by the Audit Committee, and they have satisfied themselves as to his competence to act in this role. The group Financial Director is a qualified Chartered Accountant with experience in the property segment.

Financial statements

Management has reviewed the company annual financial statements and group annual financial statements with the Audit Committee, and the Audit Committee has reviewed them without management or external auditors being present. The quality and the application of the accounting policies were discussed with the external auditors. The Audit Committee considers the annual financial statements and group annual financial statements of Adrenna Property Group Limited to be a fair presentation of its financial position at 28 February 2014 and the results of the operations, changes in equity and cash flows for the period then ended, in accordance with International Financial Reporting Standards and the Companies Act, No. 71 of 2008.

Furthermore, the Audit Committee has reviewed the disclosure of sustainability issues in the annual report and has satisfied themselves that such disclosures are reliable and do not conflict with the financial information presented.

During the year the committee satisfied its responsibilities in compliance with its terms of reference and is satisfied with the independence of the external auditors.

Preparation and supervision of financial statements

The preparation of the annual report was supervised by Hartmann Beukes, the group Financial Director. These annual financial statements have been duly audited as required by paragraph 30(2)(a) of the Companies Act, No. 71 of 2008.

On behalf of the Audit Committee

B Mothelesi
Chairperson
14 May 2014

Statement by the Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, No. 71 of 2008, that for the 12 months ended 28 February 2014, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

BW Kaiser
Company Secretary
14 May 2014

Report of the Independent Auditors to the Members of Adrenna Property Group Limited

We have audited the annual financial statements of Adrenna Property Group Limited and the consolidated annual financial statements of Adrenna Property Group Limited and its subsidiaries, as set out on pages 6 to 17, which comprise the statement of financial position as at 28 February 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the Shareholder analysis, which appears on page 18.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act, No. 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position and the consolidated financial position of Adrenna Property Group Limited and its subsidiaries as at 28 February 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the requirements of the Companies Act, No. 71 of 2008.

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate annual financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Report by the Audit Committee and the Declaration by the Company Secretary for the purpose of identifying whether there are material inconsistencies between these reports and the consolidated and separate audited annual financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports, we have not identified material inconsistencies between these reports and the audited consolidated and separate annual financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

RSM Betty & Dickson (Johannesburg)

John Jones CA(SA), RA

RSM Betty & Dickson (Johannesburg)

Registered Auditors

Executive City, Cross Street and Charmaine Avenue, President Ridge, Randburg 2194

PO Box 1734, Randburg 2125

16 May 2014

Directors' Report for the year ended 28 February 2014

The directors have pleasure in presenting their report for the 12 months ended 28 February 2014.

NATURE OF BUSINESS

The group invests in income-producing fixed property.

ADOPTION OF A NEW MEMORANDUM OF INCORPORATION (MOI)

The new MOI adopted at the previous Annual General Meeting of the company pursuant to the requirements of the Companies Act, No. 71 of 2008, as amended and the Listings Requirements of the JSE Limited (with special reference to Schedule 10 thereof) was lodged with and registered by the Companies and Intellectual Property Commission.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year that may require adjustment of the annual financial statements.

ACCOUNTING POLICIES

Accounting policies are consistent with the previous period, except for policies adopted as a result of the adoption of a new standard or interpretation, as detailed in note 1(S).

NON-CURRENT ASSETS

Major changes to non-current assets during the year under review were as follows:

	Group 2014 R'000	Company 2014 R'000
Fair value adjustments to investment property	**9 330**	–

STATED CAPITAL

During the year under review, there was no change in the stated capital of the company. Details are set out in note 12 to the annual financial statements.

CANCELLATION OF AUTHORISED PREFERENCE SHARES

All the authorised convertible redeemable preference shares with a one cent par value (forming part of the authorised share capital of the company), none of which had been taken by any person and in respect of none of which any person had agreed to take were cancelled at the previous Annual General Meeting.

GENERAL REVIEW AND FINANCIAL RESULTS

The environment within which the group operates remained static during the year under review. While market conditions have stabilised, your directors do not anticipate a serious recovery to occur in the short to medium term.

It is pleasing to note that the group maintained stability and achieved operating income before interest and fair value adjustments of R12,3 million, a marginal decline when compared with a profit in 2013 of R12,6 million. This marginal decline is attributable to a diminished beneficial effect in the current year arising from straight-lining of rental income (only R1,2 million credited to revenue in the current year as opposed to R2,4 million credited in the prior year). An analysis of operating income before interest and revaluations, after extraction of the respective years' accounting adjustment for straight lining of rental income (which provides a more comparable contrast), results in an increase of 8,8% during the current year. The group reduced the percentage of borrowings directly related to fixed properties to 38,9% (2013: 45,1%), well within its target maximum of 60%.

Basic earnings per share increased from 18,8 cents per share in 2013 to 21,9 cents per share in 2014, an increase of 16,5%. Headline earnings per share increased from 5,9 cents per share in 2013 to 7,8 cents per share in 2014, an increase of 32,2%. Net asset value per share and net tangible asset value per share both increased from 174,5 cents in 2013 to 197,4 cents per share in 2014, an increase of 13,1%.

Your directors continue to make every effort to reduce borrowing costs, and succeeded in lowering such costs from R8 million in 2013 to R7 million in 2014, a reduction of 12,5%. This was achieved through the disposal of two residential units held as inventory (proceeds of which were allocated to the bond with Investec Bank Limited), the gradual diminishment of the overdraft facility with First National Bank and consistent monthly capital repayments made to both ABSA Bank Limited and Investec Bank Limited.

DIVIDENDS

Taking into account the impact of the static trading conditions in the property industry, your directors have resolved to retain cash in the group, so as to bolster and grow the annuity income operations for the benefit of shareholders.

DIRECTORS' INTERESTS

The direct and indirect interests of the directors in the issued share capital of the company at 28 February 2014 was as follows:

	2014	2013
Beneficial – Direct	**3 692 040**	6 176 290
Beneficial – Indirect	**5 271 061**	5 431 061
	8 963 101	11 607 351

DIRECTORS AND SECRETARY

For directors' interests in contracts see related party contracts in note 15.

Executive directors
RP Fertig (Chief Executive Officer)

H Beukes (Financial Director)

Non-executive director
WP Alcock (Chairman)

Independent non-executive directors
B Mothelesi

M Moela

RS Watson (Appointed 1 September 2013)

Secretary
B W Kaiser (Resigned as director 25 March 2013)

Rotation of directors
Messrs M Moela and Mr WP Alcock retire by rotation but have offered themselves for re-election.

LITIGATION

At the date of these annual financial statements, neither the company nor any of its subsidiaries were engaged in any litigation.

HOLDING AND SUBSIDIARY COMPANIES

The company is not a subsidiary of any other company. Details of investments in and loans to subsidiaries (before inter-company adjustments) are set out in Appendix A to the financial statements.

During the year under review the following special resolutions were passed:

Adrenna Property Group Limited

1. Resolution determining the remuneration of directors.
2. Resolution authorising the company to acquire its own shares.
3. Resolution authorising the directors to grant loans, provide guarantees or other financial assistance to subsidiary and/or other group companies.
4. Resolution cancelling the authorised but unissued convertible redeemable preference shares in the capital of the company.
5. Resolution adopting a new Memorandum of Incorporation.

The subsidiaries of the company did not pass any special resolutions during the year under review.

GOING CONCERN

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue as a going concern in the foreseeable future. Based on the historical and current performance of the investment properties within the portfolio, the directors are confident that sufficient third party rentals will be generated to cover the operating costs incurred.

Statement of Financial Position

AS AT 28 FEBRUARY 2014

	Notes	**Audited Group 2014 R'000**	Audited Group 2013 R'000	**Audited Company 2014 R'000**	Audited Company 2013 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	**72**	74	**72**	72
Investment properties	3	**206 491**	197 161	**–**	–
Investments in subsidiaries	4	**–**	–	**11 895**	11 895
Loans owing by third parties	5	**5 075**	8 053	**5 075**	8 053
Operating lease assets	6	**5 678**	4 665	**–**	–
Deferred taxation	7	**4 339**	3 646	**–**	–
Goodwill	27	**–**	19	**–**	–
		221 655	213 618	17 042	20 020
Current assets					
Loans to group companies	8	**–**	–	**13 261**	13 184
Loans owing by third parties	5	**2 089**	2 275	**2 089**	2 275
Inventory	9	**5 752**	8 664	**–**	–
Accounts receivable	10	**1 337**	1 312	**3 869**	217
Operating lease assets	6	**1 708**	1 491	**–**	–
Current taxation receivable		**10**	–	**–**	–
Cash and cash equivalents	11	60	510	**–**	–
		10 956	14 252	**19 219**	15 676
Total assets		**232 611**	227 870	**36 261**	35 696
EQUITY AND LIABILITIES					
Equity					
Stated capital	12	**567**	567	**567**	567
Retained income		**109 782**	97 557	**19 370**	17 019
		110 349	98 124	**19 937**	17 586
Non-current liabilities					
Borrowings	13	**69 679**	82 188	**–**	–
Deferred taxation	7	**27 982**	25 620	**7**	3
		97 661	107 808	**7**	3
Current liabilities					
Current portion of borrowings	13	**10 560**	6 724	**–**	–
Loans from group companies	8	**–**	–	**4 589**	5 780
Loans owing to third parties	5	**406**	411	**–**	–
Accounts payable	10	**2 712**	3 198	**1 434**	1 281
Taxation		**965**	595	**336**	36
Bank overdraft	11	**9 958**	11 010	**9 958**	11 010
		24 601	21 938	**16 317**	18 107
Total equity and liabilities		**232 611**	227 870	**36 261**	35 696

Statement of Changes in Equity

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Audited Group 2014 R'000	Audited Group 2013 R'000	**Audited Company 2014 R'000**	Audited Company 2013 R'000
STATED CAPITAL				
Ordinary stated capital				
Balance at beginning of the year	**567**	567	**567**	567
Movements during the year	**–**	–	**–**	–
Balance at end of the year	**567**	567	**567**	567
RESERVES				
Retained earnings				
Balance at beginning of the year	**97 557**	87 012	**17 019**	16 658
Acquisition in terms of IFRS 3: Business Combinations during the year	**–**	15	**–**	–
Comprehensive income/(loss) attributable to ordinary shareholders	**12 225**	10 530	**2 351**	361
Balance at end of the year	**109 782**	97 557	**19 370**	17 019
Total equity and reserves attributable to ordinary shareholders	**110 349**	98 124	**19 937**	17 586
Non-controlling interests				
Balance at beginning of the year	**–**	–	**–**	–
Balance at end of the year	**–**	–	**–**	–
Total equity and reserves	**110 349**	98 124	**19 937**	17 586

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Notes	Audited Group 2014 R'000	Audited Group 2013 R'000	Audited Company 2014 R'000	Audited Company 2013 R'000
REVENUE	16	30 719	29 780	9 217	5 865
Cost of sales	17	(2 912)	(1 452)	–	–
Gross profit		27 807	28 328	9 217	5 865
Operating income before interest and revaluations	18	12 285	12 590	3 547	590
Fair value adjustment on investment properties		9 330	10 848	–	–
Investment income	19	821	1 069	818	1 042
Finance costs	20	(7 021)	(8 052)	(945)	(1 027)
Net income before taxation		15 415	16 455	3 420	605
Taxation	21	(3 190)	(5 925)	(1 069)	(244)
Income after taxation for the year		12 225	10 530	2 351	361
Non-controlling interest		–	–	–	–
Income attributable to ordinary shareholders		12 225	10 530	2 351	361
Other comprehensive income:		–	–	–	–
Total comprehensive income attributable to:					
– Ordinary shareholders		12 225	10 530	2 351	361
– Non-controlling interests		–	–	–	–
		12 225	10 530	2 351	361
Basic earnings per share (cents)	24	21,9	18,8	–	–

There was no dilution in basic earnings per share during the current or prior year.

Statement of Cash Flows

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Notes	Audited Group 2014 R'000	Audited Group 2013 R'000	Audited Company 2014 R'000	Audited Company 2013 R'000
Cash generated by operations	25.1	13 477	12 481	48	3 886
Finance costs		(7 021)	(8 052)	(945)	(1 027)
Investment income		821	1 069	818	1 042
Taxation paid	25.2	(1 161)	(587)	(765)	(188)
		6 116	4 911	(844)	3 713
Cash flows from investing activities					
Acquisition of property, plant and equipment	2	–	(77)	–	(77)
Proceeds from disposal of investment property		–	4 350	–	–
Repayment of financial assets		3 164	2 031	3 164	1 635
Acquisition of investment in subsidiary		–	(4)	–	(4)
Acquisition in terms of IFRS 3: Business Combinations		–	15	–	–
		3 164	6 315	3 164	1 554
Cash flows from financing activities					
Repayment of loans		(5)	(1 316)	-	(1 234)
Repayment of borrowings		(8 673)	(8 991)	-	–
Net movement in loans with group companies		-	–	(1 268)	(3 397)
		(8 678)	(10 307)	(1 268)	(4 631)
Movement in cash and cash equivalents		602	919	1 052	636
Cash and cash equivalents at beginning of the year		(10 500)	(11 419)	(11 010)	(11 646)
Cash and cash equivalents at end of the year	11	(9 898)	(10 500)	(9 958)	(11 010)

Financial performance

- **Group revenue increased by 3,2%**
- **Group operating income before interest and revaluations decreased by 2,4%**
- **Net income after tax increased by 16,1%**

Notes to the Financial Statements

FOR THE YEAR ENDED 28 FEBRUARY 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Presentation of annual financial statements

The financial statements which are prepared in accordance with the Listings Requirements of the JSE Limited, International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No. 71 of 2008, are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

These accounting policies are consistent with previous years, except for changes due to the first-time adoption of standards and interpretations as detailed in Section S.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below:

(i) Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Significant judgements include:

Loans and receivables

The group assesses its loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. The group makes assumptions that are based on market conditions existing at each statement of financial position date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Impairment testing

The recoverable amount of an asset or a cash-generating unit is determined as being the higher of its fair value less costs to sell and its value in use. Such calculations require the implementation of estimates and assumptions.

The group reviews and tests the carrying value of assets when events or conditions suggest that the carrying amount may not be recoverable. If there are indications of impairment, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

Expected manner of realisation of deferred tax

Deferred tax is provided for on the fair value adjustments of investment property based on recovery through sale. This manner of recovery takes into account the rebuttable presumption that investment property will be recovered primarily through sale, and affects the rate used to determine the deferred tax liability.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on the estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to the expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the statement of financial position date could be impacted.

Leases

Management has applied its judgement to classify all lease agreements that the group is party to as operating leases, as they do not transfer substantially all the risks and rewards of ownership. Furthermore, as the operating lease in respect of premises is only for a relatively short period of time, management has made a judgement that it would not be meaningful to classify the lease into separate components for the land and for the buildings for the current lease, and the agreement will be classified in its entirety as an operating lease.

Investment property valuation

Management obtains independent third party valuations of investment property held. Valuations are requested on an annual basis, and prepared by qualified valuers. All valuations are reviewed to ensure that management agrees with the assumptions and inputs used.

Valuations are performed based on the building design and the use to which it is put by management.

Property, plant and equipment

Management has made certain estimations regarding the determination of estimated useful lives and residual values of items of property, plant and equipment, as discussed further in Section D.

B. Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries.

Inter-company transactions are eliminated on consolidation.

The results of the subsidiaries are included from the effective dates control is acquired to the dates that such control is relinquished.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

On acquisition, the group recognises a subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets acquired, liabilities incurred or assumed and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

Any adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

C. Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the entity and the cost of the investment property can be measured reliably.

Initial measurement

Investment property is measured initially at its cost. Transaction costs are included in the initial measurement.

The cost of purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes and other transaction costs.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in the fair value of investment property is recognised in profit or loss for the period in which it arises.

The fair value of investment property reflects market conditions at the end of the reporting period.

Own occupancy

Where the area occupied by the group is insignificant in relation to the total area of a property owned, the entire property is classified as an investment property.

D. Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

An item of property, plant and equipment that qualifies for recognition as an asset is measured at its cost.

The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

After recognition as an asset, an item of property, plant and equipment is carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The group does not recognise in the carrying amount of an item of property, plant and equipment the costs of the day-to-day servicing of the item.

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognised.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual values.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The residual value and the useful life of an asset is reviewed at each financial year-end and, if expectations differ from previous estimates, the change is accounted for as a change in an accounting estimate.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Motor vehicles	5 years
IT equipment	3 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are not classified as revenue.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

E. Inventory
Land acquired for future development and sale in the ordinary course of business is reflected under current assets and is valued at the lower of cost or net realisable value for each specific property.

F. Goodwill
Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets acquired, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged through the statement of comprehensive income. Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to the statement of comprehensive income. Subsequently, goodwill acquired in a business combination is carried at cost less any accumulated impairment.

Internally-generated goodwill is not recognised as an asset.

G. Financial instruments
Classification
The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables.
- Financial liabilities measured at amortised cost.
- Financial liabilities measured at fair value through profit and loss – designated.
- Financial assets measured at fair value through profit and loss – designated.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is re-assessed on an annual basis.

Initial recognition and measurement
A financial asset or a financial liability is recognised initially when, and only when, the entity becomes a party to the contractual provisions of the instrument.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Upon initial recognition, a financial asset or financial liability is measured at its fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

For a financial asset or financial liability which is not measured at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement
Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Financial assets measured at fair value are remeasured to fair value on an annual basis, with remeasurement adjustments being recognised in profit and loss for the period.

Financial liabilities measured at fair value are remeasured to fair value on an annual basis, with remeasurement adjustments being recognised in profit and loss for the period.

Impairment of financial assets
At the end of each reporting period, the group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Impairment losses are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

Loans to or from group companies
These include loans to or from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates, and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as financial assets measured at fair value through profit or loss.

Loans from group companies are classified as financial liabilities measured at fair value through profit or loss.

Trade and other receivables
Trade receivables are measured upon initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence of impairment. The allowance recognised is measured at the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amount previously written off are credited against operating expenses.

Trade and other receivables are classified as loans and receivables.

Trade and other payables
Trade payables are measured upon initial recognition at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade and other payables are classified as other financial liabilities.

Cash and cash equivalents
Cash and cash equivalents comprise cash-on-hand and demand deposits, and other short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded as loans and receivables.

Bank overdraft and borrowings
Bank overdraft and borrowings are measured upon initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing cost.

H. Share capital and equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company re-acquires its own equity instruments, those treasury shares are deducted from equity. No gain or loss is recognised through the statement of comprehensive income on the purchase, sale, issue or cancellation of the entity's own equity instruments. Consideration paid or received is recognised directly in equity.

I. Taxation
Current tax assets and liabilities
Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods is measured at the amount expected to be paid to/(recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities
A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses
Current and deferred taxes are recognised as income or an expense and are included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current and deferred taxes are recognised outside profit or loss if the tax relates to items that are recognised, in the same or a different period, outside profit or loss. Therefore, current tax and deferred tax that relates to items that are recognised, in the same or a different period in other comprehensive income, shall be recognised in other comprehensive income, and current tax and deferred tax that relates to items that are recognised, in the same or a different period directly in equity, shall be recognised directly in equity.

J. Leases
A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessor
Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

K. Impairment of assets
The group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with indefinite useful lives or intangible assets not yet available for use for impairment annually, by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period; and
- test goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset shall be treated as a revaluation decrease.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, reducing the carrying amount of any goodwill allocated to the cash-generating unit; and then
- to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

A reversal of an impairment loss for an asset, other than goodwill, is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any reversal of an impairment loss of a revalued asset shall be treated as a revaluation increase.

L. Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered), are recognised in the period in which the service is rendered and is not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit-sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

M. Provisions and contingencies

A provision is recognised when:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the present value of the expenditure expected to be required to settle the present obligation at the end of the reporting period.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not to be recognised for future operating losses.

If the group has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Contingent assets and contingent liabilities are not recognised.

N. Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from the sale of good is recognised when all the following conditions have been satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates, and Value-added Taxation (VAT).

Interest is recognised, in profit or loss, using the effective interest rate method.

O. Cost of Sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

P. Borrowing costs

The group capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets, is deducted from borrowing costs capitalised.

Other borrowing costs are recognised as an expense in the period in which it is incurred.

Q. Segment reporting

The group's primary reporting basis is business segments.

The group is organised into four main operating segments, namely Investment Property Holdings, Property-Related Services, Property Sales and Head Office Administration.

Financial information about business segments is presented in the schedule in note 28.

Segmental results include revenue and expenses directly attributable to a segment.

Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment.

R. Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held-for-sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held-for-sale, or while it is part of a disposal group classified as held-for-sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale are recognised in profit or loss.

S. New standards and interpretations

(i) Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current year and that are relevant to its operations:

- **IFRS 10 – Consolidated Financial Statements**

  This Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. This Standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from the involvement with the entity, and has the ability to the effect those returns through power over the investee.

  The effective date of the standard is for years beginning on or after 1 January 2013.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The impact of the standard is not material.
- **IAS 27 –Separate Financial Statements**

  Consequential amendment as a result of IFRS 10. The amended Standard now only deals with separate financial statements.

  The effective date of the amendment is for years beginning on or after 1 January 2013.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The impact of the amendment is not material.
- **IAS 1 – Presentation of Financial Statements**

  The amendment now requires items of other comprehensive income to be presented as:
  - Those which will be reclassified to profit or loss.
  - Those which will not be reclassified to profit or loss.

  The related tax disclosures are also required to follow the presentation allocation.

  In addition, the amendment changed the name of the statement of comprehensive income to the statement of profit or loss and other comprehensive income.

  The effective date of the amendment is for years beginning on or after 1 July 2012.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The adoption of this amendment has not had a material impact on the results of the group, but has resulted In more disclosure than would have previously been provided in the annual financial statements.
- **IAS 1 – Annual improvements for 2009 - 2011 cycle**

  Clarification is provided on the requirements for comparative information. Specifically, if a retrospective restatement is made, a retrospective change in accounting policy or a reclassification, the statement of financial position at the beginning of the previous period is only required if the impact on the beginning of the previous period is material. Related notes are not required, other than disclosure of specified information.

  The effective date of the amendment is for years beginning on or after 1 January 2013.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The impact of the amendment is not material.
- **IAS 32 – Annual improvements for 2009 - 2011 cycle**

  Tax effects of distributions made to holders of equity instruments. Income tax relating to distributions made to holders of equity instruments and tax effects of transaction costs of equity transactions must be accounted for in accordance with IAS 12 Income Taxes.

  The effective date of the amendment is for years beginning on or after 1 January 2013.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The impact of the amendment is not material.

  Clarification on reporting of segment assets and liabilities in interim financial reports. Such reporting is only required when it is regularly reported to the chief operating decision maker, and when there has been a material change from the previous annual financial statements.
- **IAS 34 – Annual improvements for 2009 –2011 cycle**

  The effective date of the amendment is for years beginning on or after 1 January 2013.

  The group has adopted the standard for the first time in the 2014 annual financial statements.

  The impact of the amendment is not material.

(ii) Standards and interpretations early adopted
The group has chosen not to early adopt any new standards and interpretations.

(iii) Standards and interpretations not yet effective
The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2014 or later periods:

- **IFRS 9 – Financial Instruments**
  The effective date of this standard is for annual periods beginning on or after 1 January 2015.
  The group expects to adopt the standard for the first time in the 2016 financial statements.
  It is unlikely that the standard will have a material impact on the group's annual financial statements.

(iv) All other standards and interpretations published for the group's accounting periods beginning on or after 1 March 2014 or later periods were considered, and it was noted that they were not relevant to the operations of the group.

Group R'000	2014 Cost	2014 Accumulated depreciation	2014 Carrying value	2013 Cost	2013 Accumulated depreciation	2013 Carrying value
2. PROPERTY, PLANT AND EQUIPMENT						
Computer equipment	4	(4)	–	4	(2)	2
Motor vehicles	77	(5)	72	77	(5)	72
	81	(9)	72	81	(7)	74

The carrying value of property, plant and equipment can be reconciled as follows:

Group R'000	Opening balance at carrying amount	Additions in the course of operations	2014 Additions as part of subsidiary acquired	Depreciation	Carrying amount
Computer equipment	2	–	–	(2)	–
Motor vehicles	72	–	–	–	72
	74	–	–	(2)	72

Group R'000	Opening balance at carrying amount	Additions in the course of operations	2013 Additions as part of subsidiary acquired	Depreciation	Carrying value
Computer equipment	–	–	2	–	2
Motor vehicles	–	77	–	(5)	72
	–	77	2	(5)	74

Company R'000	2014 Cost	2014 Accumulated depreciation	2014 Carrying value	2013 Cost	2013 Accumulated depreciation	2013 Carrying value
Motor vehicles	77	(5)	72	77	(5)	72
	77	(5)	72	77	(5)	72

The carrying value of property, plant and equipment can be reconciled as follows:

Company R'000	Opening balance at carrying amount	Additions in the course of operations	2014 Additions as part of subsidiary acquired	Depreciation	Carrying value
Motor vehicles	72	–	–	–	72
	72	–	–	–	72

R'000	Opening balance at carrying amount	Additions in the course of operations	2013 Additions As part of subsidiary acquired	Depreciation	Carrying value
Motor vehicles	–	77	–	(5)	72
	–	77	–	(5)	72

	Group 2014 R'000	Group 2013 R'000
3. INVESTMENT PROPERTIES		
Balance at beginning of the year	197 161	190 053
Additions in the course of operations	–	–
Disposals in the course of operations	–	(3 740)
Net gain from fair value adjustment revaluations	9 330	10 848
Balance at end of the year	206 491	197 161

Investment properties were valued at 28 February 2014. Valuations were performed by Quadrant Properties Proprietary Limited, a Registered Property Valuer. Valuations were performed in accordance with Section 13 of the Johannesburg Securities Exchange regulations, and conform with International Valuation Standards. Quadrant Properties Proprietary Limited are independent from Adrenna Property Group Limited and have extensive experience in the locations and categories of the investment properties being valued. The properties were valued in their current use utilising a market orientation approach which considers and analyses each property in relation to the greater comparable market and takes into account locality, improvements, market demand, tenants and lease details. Due to the nature of the properties, values are best determined by capitalising the respective net income earning capabilities in perpetuity (investment valuation model).

Investment properties are encumbered as per note 13. Further information relating to investment properties is contained in Appendix B.

The fair value hierarchy of all inputs has been determined as being Level 3. For investment properties measured at fair value through profit or loss, in terms of the hierarchy, these are classified as Level 3 as the valuation techniques used are not based on observable market data.

Changes in unobservable inputs to a different amount will not result in a significantly higher or lower fair value measurement.

The following amounts included in the statement of comprehensive income relate to these properties:

	Group 2014 R'000	Group 2013 R'000
Rental income (excluding straight-lining adjustments)	26 156	22 411
Direct operating expenses arising from income-generating property	9 466	8 204

There are no contractual obligations at year-end to purchase, construct or develop additional investment properties.

No contractual obligations exist at year-end to repair, maintain or enhance existing investment properties.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
4. INVESTMENTS IN SUBSIDIARIES				
Investments in subsidiaries	–	–	11 895	11 895
	–	–	11 895	11 895

Details of investments are available for inspection at the registered office of the company.

There are no restrictions on the entity's ability to access or use assets, and settle liabilities, of the group.

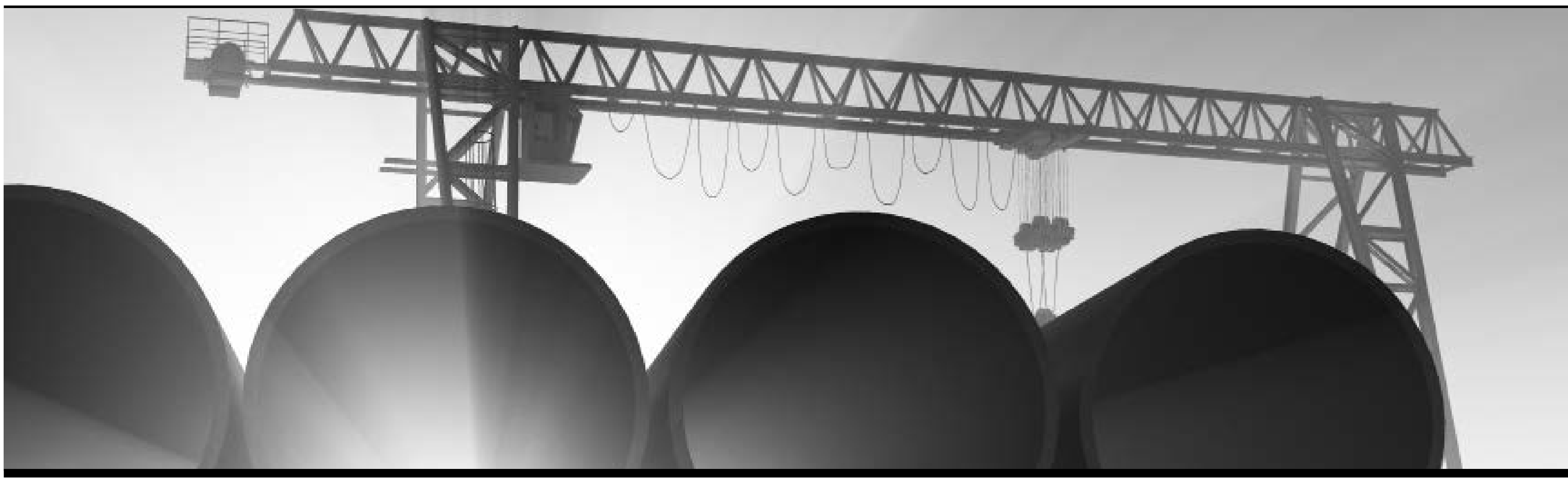
Refer to Appendix A for details relating to the investments in and loans to subsidiaries.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
5. LOANS WITH THIRD PARTIES				
Loans owing by third parties				
RMS Corporate Solutions Proprietary Limited	7 164	10 327	7 164	10 327
Other loans	–	1	-	1
	7 164	10 328	7 164	10 328
Repayable:				
– Within 12 months	2 089	2 275	2 089	2 275
– After 12 months and within 60 months	5 075	8 053	5 075	8 053
	7 164	10 328	7 164	10 328
Current assets	2 089	2 275	2 089	2 275
Non-current assets	5 075	8 053	5 075	8 053
	7 164	10 328	7 164	10 328
Terms and conditions: – The loan owed by RMS Corporate Solutions Proprietary Limited is unsecured and bears interest at the prime lending rate as quoted from time to time by First National Bank. The loan is repayable within 5 years as from 1 March 2012.				
Credit risk The group manages its credit risk exposure by strict controls over the granting of credit. The maximum credit exposure amounts to R7,1 million (2013: R10,3 million).				
Loan owing to third parties				
RMS Corporate Solutions Proprietary Limited	406	411	–	–
	406	411	–	–

The repayment of these loans owed to third parties is expected within 12 months after year-end.

Terms and conditions:
The carrying values of loans approximate their fair values. No adjustments to fair value have been made in current or prior periods.

- The loan owed to RMS Corporate Solutions Proprietary Limited is unsecured and non-interest-bearing with no fixed terms of repayment.



	Group 2014 R'000	Group 2013 R'000
6. OPERATING LEASE ASSETS		
Receivable	83 681	68 306
In terms of premises		
– Within 12 months	19 477	16 549
– Exceeding 12 months and less than 60 months	48 958	27 645
– Exceeding 60 months	15 246	24 112
Operating lease debtors		
– Due within 12 months	1 708	1 491
– Exceeding 12 months and less than 60 months	4 324	2 491
– Exceeding 60 months	1 354	2 174
	7 386	6 156
Operating lease debtors classified as non-current assets	5 678	4 665
Operating lease debtors classified as current assets	1 708	1 491
	7 386	6 156

The operating lease assets relate to operating lease agreements entered into between Consani Industrial Park Proprietary Limited, Somerset Mall Developments Proprietary Limited and a number of different lessees for the use of lettable space within the buildings. The operating lease assets arose as a result of the difference between the actual rent received and the straight-lined amounts.

Rent receivable per contract ranges from between R1 400 to R813 000 (excluding Value-added Taxation) per month, with escalation clauses of 6% to 11% effected on the anniversary of each commencement date.

Lease terms range from between 12 to 120 months, whereafter certain leases are renewable.

No contingent rents have been recognised in revenue for the 2014 and 2013 financial years.

	Company 2014 R'000	Company 2013 R'000
7. DEFERRED TAXATION		
The major components of the deferred tax assets and liabilities, together with movements during the year, are analysed as follows:		
Deferred tax (liability)/asset		
Accelerated capital allowances on property, plant and equipment	(7)	(3)
	(7)	(3)
Reconciliation of deferred tax (liability)/asset:		
At beginning of the year	(3)	205
Decrease in tax losses available for set-off against future taxable income	–	(205)
Originating temporary differences on property, plant and equipment	(4)	(3)
Deferred tax (liability)/asset	(7)	(3)

Group Group 2014	Balance at 1 March 2013 R'000	Charge to income for the period R'000	Balance at 28 February 2014 R'000
Deferred tax asset			
Assessed losses	2 415	111	2 526
Operating leases	(4)	(5)	(9)
Investment property	1 235	587	1 822
	3 646	693	4 339
Deferred tax liability			
Operating leases	1 721	338	2 059
Valuation surpluses	23 896	2 020	25 916
Property, plant and equipment	3	4	7
	25 620	2 362	27 982
Group 2013			
Deferred tax asset			
Assessed losses	2 377	38	2 415
Operating leases	(35)	31	(4)
Investment property	3 002	(1 767)	1 235
	5 344	(1 698)	3 646
Deferred tax liability			
Operating leases	1 010	711	1 721
Valuation surpluses	21 344	2 552	23 896
Property, plant and equipment	–	3	3
	22 354	3 266	25 620

At statement of financial position date, the company had a computed unutilised tax loss of Rnil (2013: Rnil) available for set-off against future profits.

At statement of financial position date the group had a computed unutilised tax loss of R9 million (2013: R8,6 million) available for set-off against future profits. Based on the excellent performance of the investment properties within the group's portfolio as well as the budgeted performance in the coming year, the directors are confident that the group will generate sufficient tax profits against which to utilise the assessed loss. As such, deferred tax assets relating to these losses have been accounted for.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
8. LOANS TO/(FROM) GROUP COMPANIES				
Loans to group companies				
Somerset Mall Developments Proprietary Limited	–	–	13 261	13 184
Adrenna Letting Proprietary Limited	–	–	319	–
Less: Provisions for impairment – Adrenna Letting Proprietary Limited	–	–	(319)	–
Loans to group companies classified as current assets	–	–	13 261	13 184
Loans from group companies				
Consani Industrial Park Proprietary Limited	–	–	(4 589)	(5 780)
Loans from group companies classified as current liabilities	–	–	(4 589)	(5 780)

These amounts reflect fluctuating current accounts which vary according to the cash flow requirements of the individual group companies. These amounts are interest-free and have no fixed terms of repayment.

The loans are classified as current assets or liabilities as they are fluctuating balances intended to be settled within a normal operating cycle. The borrowers have no unconditional right to defer payment beyond 12 months. As a short-term financial instrument, fair value has been found to approximate carrying amount using an effective interest rate to discount the balance, and the loans are considered to be Level 3 financial instruments according to the IFRS 7 Fair Value Hierarchy. There were no fair value gains/losses recognised during the year. Changes in unobservable inputs to a different amount will not result in a significantly higher or lower fair value measurement.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
9. INVENTORY				
Developed property held for resale – valued at the lower of cost or net realisable value	5 752	8 664	–	–
	5 752	8 644	–	–
Inventory with a carrying value of R5,8 million (2013: R8,7 million) is held as security over a portion of the loan with Investec Bank Limited as disclosed in note 13.				
10. ACCOUNTS RECEIVABLE AND PAYABLE				
Receivables and payables are analysed below:				
Accounts receivable				
Value-added Taxation	143	364	–	–
Trade receivables	640	394	3 855	203
Deposits and pre-payments	523	525	–	–
Debtor arising from MBO	14	14	14	14
Other receivables	17	15	–	–
	1 337	1 312	3 869	217
The carrying values of trade receivables approximate their fair values.				
Accounts payable				
Trade payables	1 524	2 078	1 322	1 228
Value-added Taxation	92	46	92	33
Deposits and pre-payments	1 052	947	–	–
Other payables	44	127	20	20
	2 712	3 198	1 434	1 281
Other payables comprise miscellaneous minor items. Accounts payable are due to be settled within 12 months after year-end.				

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
11. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**60**	510	**–**	–
Bank overdraft	**(9 958)**	(11 010)	**(9 958)**	(11 010)
	(9 898)	(10 500)	**(9 958)**	(11 010)
Bank balances classified as current assets	**60**	510	**–**	–
Bank overdraft classified as current liabilities	**(9 958)**	11 010	**(9 958)**	11 010

The bank overdraft is repayable on demand, and is therefore considered to be a current liability.

Refer to note 13 for details of security over the bank overdraft.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
12. STATED CAPITAL				
Authorised				
200 784 314 ordinary shares of no par value	**2 008**	2 008	**2 008**	2 008
9 215 686 convertible, redeemable preference shares of 1 cent each	**-**	92	**-**	92
Issued				
55 914 802 (2012: 55 914 802) ordinary shares of no par value	**559**	559	**559**	559
Transfer of share premium	**8**	8	**8**	8
	567	567	**567**	567

Details regarding the movement in stated capital for the period under review are provided in the statement of changes in equity.

	Group 2014 R'000	Group 2013 R'000
13. BORROWINGS SECURED		
Investec Bank Limited	**3 988**	7 466
The loan is secured by a first and second covering mortgage bond over the Remaining Extent of Erf 2505, Hout Bay, Western Cape, in favour of Investec Bank Limited for the total amount of R11 650 000 (2013: R11 320 000) together with a continuing personal surety by RP Fertig to the value of R8 000 000.		
The principal debt was extended and is repayable as from December 2012 over a 24-month period. Capital and interest is repayable monthly over the loan term, with a final bullet repayment required. The loan bears interest at the prime interest rate as quoted by Investec Bank Limited.		
ABSA Bank Limited	**76 251**	81 446
The loan has been secured by mortgage bonds over Erven 21212, 13336, 13337 and 34754, Goodwood, Western Cape.		
Additional securities held over the property in Goodwood are as follows: – Cession of all leases and rental agreements – Cession of sales proceeds in respect of the properties – Cession of revenues in respect of the properties – Cession of Value-added Taxation refunds		
In addition to the mortgage bond registered by ABSA Bank Limited, FirstRand Bank Limited has registered a continuing covering bond in the amount of R12 000 000 over the property in Goodwood in order to secure the overdraft and any other facilities which are or may be granted to Adrenna Property Group Limited and/or its subsidiaries.		
Capital repayments commenced on 31 August 2012. The loan with ABSA Bank Limited is repayable in 120 equal monthly instalments together with interest at prime less 1,5%.		
	80 239	88 912
Repayable		
– Within 12 months	**10 560**	6 724
– After 12 months and before 60 months	**31 787**	37 436
– After 60 months	**37 892**	44 752
	80 239	88 912
Borrowings repayable after 12 months – classified as non-current liabilities	**69 679**	82 188
Borrowings repayable within 12 months – classified as current liabilities	**10 560**	6 724
	80 239	88 912

The total borrowings do not exceed the borrowing powers of the company as set out in its Memorandum of Incorporation which are unlimited.

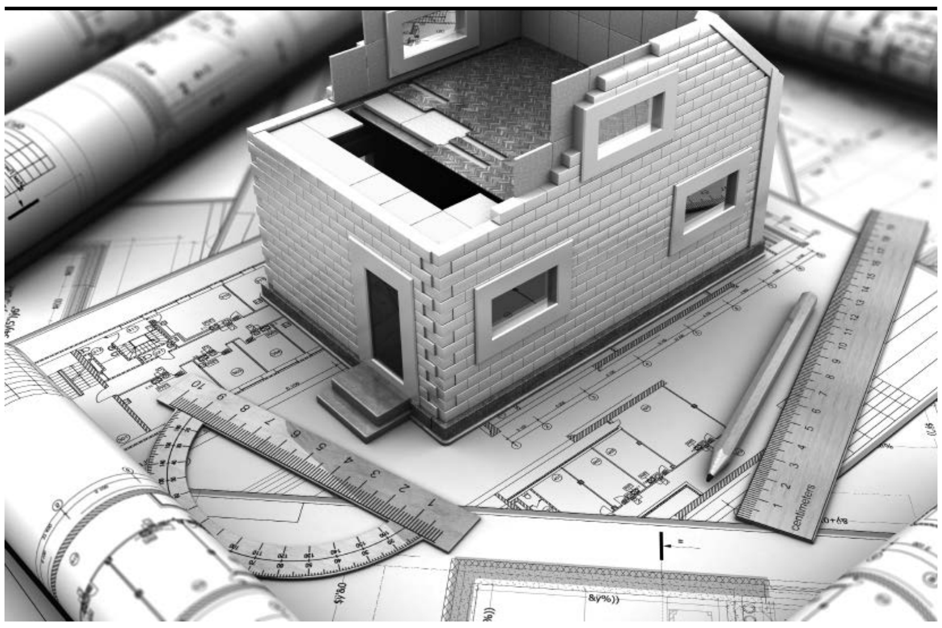
There has been a significant decrease in the level of borrowings due to the disposal of a two residential units held as inventory, the proceeds of which were allocated to the loan from Investec Bank Limited. The reduction in the level of borrowings from ABSA Bank Limited during the year under review is due to the monthly capital repayments which were effected throughout the year.

	Group 2014 R'000	Group 2013 R'000
14. CONTINGENT LIABILITIES AND ENCUMBRANCES		
Suretyships by Adrenna Property Group Limited in favour of Momentum Life, limited to a maximum of R1 million	-	1 000

	Group 2014 R'000	Group 2013 R'000
15. RELATED PARTIES		
Group		
The following related parties have been identified in terms of their association with the group:		
Islandsite Investments Twenty Three Proprietary Limited (entity controlled by a director, Mr RP Fertig)		
Propconsult Proprietary Limited (entity controlled by the Company Secretary, Mr BW Kaiser)		

	Group 2014 R'000	Group 2013 R'000
JNF Investment Trust (entity in which a director, Mr WP Alcock, is both a beneficiary and a trustee)		
RMS Corporate Solutions Proprietary Limited (entity with common directorship)		
RMS Property and Facilities Management Proprietary Limited (an operating subsidiary within the RMS Corporate Solutions Group)		
During the year the group had the following related party transactions:		
– Consultancy fees paid to Islandsite Investments Twenty Three Proprietary Limited	**845**	765
– Consultancy fees paid to Propconsult Proprietary Limited	**420**	420
– Consultancy fees paid to JNF Investment Trust	**180**	180
– Asset management fees paid to RMS Corporate Solutions Proprietary Limited	**1 502**	1 502
– Administration fees paid to RMS Corporate Solutions Proprietary Limited	**1 200**	2 210
– Professional fees paid to RMS Corporate Solutions Proprietary Limited	**–**	300
– Rental fees paid to RMS Corporate Solutions Proprietary Limited	**153**	69
– Operating costs paid to RMS Corporate Solutions Proprietary Limited	**48**	17
– Levies paid to RMS Corporate Solutions Proprietary Limited	**33**	–
– Property management fees, facilities management fees and collection commission paid to RMS Property and Facilities Management Proprietary Limited	**1 717**	832
At year-end the group had the following related party balances:		
– Loan owing by RMS Corporate Solutions Proprietary Limited	**7 164**	10 328
– Included in trade receivables and relating to RMS Corporate Solutions Proprietary Limited	**–**	2 646
– Included in trade payables and relating to JNF Investment Trust	**(15)**	(15)
– Included in trade payables and relating to RMS Corporate Solutions Proprietary Limited	**(1 411)**	–
Key management		
The key management of the group consists of the executive directors (whose remuneration is disclosed in note 23).		
Inter-company transactions		
No inter-company transactions are disclosed as these eliminate on consolidation.		

	Company 2014 R'000	Company 2013 R'000
Company		
The following related parties have been identified in terms of their association with the company:		
Consani Industrial Business Park Proprietary Limited (wholly owned subsidiary)		
Somerset Mall Developments Proprietary Limited (wholly owned subsidiary)		
Adrenna Letting Proprietary Limited (wholly owned subsidiary)		
Islandsite Investments Twenty Three Proprietary Limited (entity controlled by a director, Mr RP Fertig)		
Propconsult Proprietary Limited (entity controlled by the Company Secretary, Mr BW Kaiser)		
JNF Investment Trust (entity in which a director, Mr WP Alcock, is both a beneficiary and a trustee)		
RMS Corporate Solutions Proprietary Limited (entity with common directorship)		
During the year the company had the following related party transactions:		
– Asset management fees received from Consani Industrial Business Park Proprietary Limited	**(1 311)**	(1 311)
– Asset management fees received from Somerset Mall Developments Proprietary Limited	**(191)**	(191)
– Asset management fees paid to RMS Corporate Solutions Proprietary Limited	**1 502**	1 502
– Administration fees received from Consani Industrial Business Park Proprietary Limited	**(420)**	(400)
– Administration fees paid to RMS Corporate Solutions Proprietary Limited	**1 200**	1 200
– Management fees received from Consani Industrial Business Park Proprietary Limited	**(7 295)**	(3 963)
– Rental fees paid to RMS Corporate Solutions Proprietary Limited	**153**	69
– Operating costs paid to RMS Corporate Solutions Proprietary Limited	**48**	17
– Levies paid to RMS Corporate Solutions Proprietary Limited	**33**	–
– Consultancy fees paid to Islandsite Investments Twenty Three Proprietary Limited	**485**	243
– Consultancy fees paid to JNF Investment Trust	**180**	180
– Consultancy fees paid to Propconsult Proprietary Limited	**420**	420
At year-end the company had the following related party balances:		
– Loan owing by RMS Corporate Solutions Proprietary Limited	**7 164**	10 328
– Included in trade receivables and relating to Consani Industrial Business Park Proprietary Limited	**3 472**	–
– Included in trade receivables and relating to Somerset Mall Developments Proprietary Limited	**383**	203
– Included in trade payables and relating to Adrenna Letting Proprietary Limited	**(1 040)**	(1 040)
– Included in trade payables and relating to JNF Investment Trust	**(15)**	(15)
– Included in trade payables and relating to RMS Corporate Solutions Proprietary Limited	**(211)**	(134)
Loan accounts with subsidiaries:		
Loan accounts owing to and by subsidiaries are disclosed in Appendix A to these financial statements.		



	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
16. REVENUE				
The main categories of income comprise the following:				
Property management fees	**–**	–	**8 797**	3 963
Administration fees	**–**	–	**420**	1 902
Rentals and operating cost recoveries	**26 156**	25 901	**–**	–
Straight-lining of operating leases	**1 230**	2 432	**–**	–
Property sales	**3 333**	1 447	**–**	–
	30 719	29 780	**9 217**	5 865
17. COST OF SALES				
Opening balance of inventory	**8 664**	10 188	**–**	–
Purchases	**–**	200	**–**	–
Transferred to assets from disposal group	**–**	–	**–**	–
Write down to net realisable value	**–**	(272)	**–**	–
Closing balance	**(5 752)**	(8 664)	**–**	–
	2 912	1 452	**–**	–

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
18. OPERATING INCOME BEFORE INTEREST AND REVALUATIONS				
Operating income before interest and revaluations is arrived at after taking the following into account:				
Audit fees	**363**	404	**194**	284
Depreciation – owned assets	**2**	5	**–**	5
Legal fees	**141**	194	**74**	–
Operating lease payments – premises	**153**	69	**153**	69
Consulting and professional fees	**1 452**	1 683	**1 085**	1 005
Directors emoluments	**354**	424	**354**	424
Impairment of goodwill on acquisition	**19**	–	**–**	–
Impairment of inter-company loans	**–**	–	**319**	–
Recovery of property management staff costs	**299**	295	**–**	–
Write-down of inventory	**–**	272	**–**	–
Penalties and interest on late payment of income tax	**105**	–	**–**	–
Profit on sale of investment property	**–**	(610)	**–**	–
19. INVESTMENT INCOME				
Interest received – cash	**821**	1 069	**818**	1 042
20. FINANCE COSTS				
Interest paid				
– Overdraft	**945**	1 027	**945**	1 027
– Secured loans	**6 076**	7 025	**–**	–
	7 021	8 052	**945**	1 027
21. TAXATION				
South Africa normal taxation				
– Current	**1 521**	961	**1 065**	36
– Deferred	**1 669**	4 964	**4**	208
	3 190	5 925	**1 069**	244
Reconciliation of tax rate:		%		%
Tax on net income at standard rate	**28,0**	28,0	**28,0**	28,0
Exempt income	**(3,7)**	(4,8)	**–**	–
Arising from deferred tax not raised previously	**(4,09)**	–	**–**	–
Disallowable charges	**0,49**	12,8	**3,3**	12,3
Effective tax rate	**20,7**	36,0	**31,3**	40,3

22. FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's financial risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the group's financial performance.

Interest rate risk

The group has no significant interest-bearing assets and interest rate risk is primarily related to borrowings. As the group's borrowings bear interest at variable rates, it does not have any fair value exposure but it is exposed to future cash flow risks. Had interest rates for the year been 0,5 percentage points higher or lower and been applied to the period end interest-bearing debt of R90 million (2013: R100 million), the after-tax interest expense for the year would have been higher or lower by R0,3 million (2013: R0,4 million).

The group analyses the impact on profit or loss of defined interest rate shifts, taking into consideration refinancing and alternative financing. The analysis is only for liabilities that represent the major interest-bearing positions. The group does not hedge exposure to interest rate risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, flexibility of funding is maintained through ensuring availability under committed credit lines.

Financial assets by category	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Loans owing by third parties (loans and receivables)	**7 164**	10 328	**7 164**	10 328
Accounts receivable excluding Value-Added Taxation (loans and receivables)	**1 194**	948	**3 869**	217
Loans to group companies (financial assets at fair value through profit or loss – designated)	**–**	–	**13 261**	13 184
Cash and cash equivalents (loans and receivables)	**60**	510	**–**	–
	8 418	11 786	**24 294**	23 729
Financial liabilities by category				
Borrowings (carried at amortised cost)	**80 239**	88 912	**–**	–
Loans owing to third parties (carried at amortised cost)	**406**	411	**–**	–
Accounts payable excluding Value-Added Taxation (carried at amortised cost)	**2 620**	3 152	**1 342**	1 248
Loans from group companies (financial liabilities at fair value through profit or loss – designated)	**–**	–	**4 589**	5 780
Bank overdraft (carried at amortised cost)	**9 958**	11 010	**9 958**	11 010
	93 223	103 485	**15 889**	18 038

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. All deposits are held with major South African banks.

Creditworthiness of local trade debtors is assessed when credit is first extended and is reviewed on a regular basis thereafter.

The amounts receivable for the financial assets listed represent the maximum exposure to credit risk.

Credit risk management

The group manages its credit risk exposure by strict controls over the granting of credit and collection of receivables.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Trade and other receivables				
Trade receivables (excluding Value-added Taxation)	**640**	394	**3 855**	203
Provision for impairment of receivables	**–**	–	**–**	–
	640	394	**3 855**	203
Sundry receivables	**554**	554	**14**	14
Amounts owing by group companies	**–**	–	**13 261**	13 184
	1 194	948	**17 130**	13 401

There is no significant concentration of risk in respect of any particular customer or industry segment in that no individual customer represents more than 5% of the total.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
The table below illustrates the trade receivables ageing analysis:				
Less than 30 days	**640**	394	**2 373**	203
31 to 60 days	**–**	–	**126**	–
61 to 90 days	**–**	–	**126**	–
Over 90 days	**–**	–	**1 230**	–
	640	394	**3 855**	203

Trade and other receivables with a book value of Rnil (2013: Rnil) (including inter-company debtors) have been ceded as security for borrowing facilities.

The fair values of financial instruments approximates their carrying cost.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Trade and other receivables impaired				
At 28 February 2014, trade and other receivables of Rnil (2013: Rnil) were impaired and provided for.				
Reconciliation of provisions for impairment of trade and other receivables:				
Opening balance	**–**	28	**–**	28
Provision for impairment	**–**	–	**–**	–
Provisions reversed	**–**	(28)	**–**	(28)
	–	–	**–**	–

No collateral is held in respect of the impaired trade receivables.

The table below reflects the balances of trade receivables past due but which are not impaired:

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Trade and other receivables past due but not impaired				
– 31 to 60 days	**–**	–	**126**	–
– 61 to 90 days	**–**	–	**126**	–
– Over 90 days	**–**	–	**1 230**	–

Liquidity risk management

The group's policy is to ensure it has access to sufficient funds for the foreseeable future.

The group's facility utilisation at the year-end was:

	Group 2014 R'000	Group 2013 R'000
Total borrowing facilities	**90 197**	107 688
Less:		
Non-current borrowings	**(69 679)**	(82 188)
Current borrowings	**(10 560)**	(6 724)
Drawn overdraft facilities	**(9 958)**	(11 010)
Available	**–**	7 766

Financial liabilities with contractual maturity dates beyond a year from 28 February 2014 comprise non-current borrowings.

The group's policy is to ensure that the major portion of its borrowing relates directly to and is secured by investment properties.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Non-current borrowings				
Secured loans	**69 679**	82 188	**–**	–
Unsecured loans	**406**	411	**–**	–
Current portion of secured loans included in current borrowings	**10 560**	6 724	**–**	–
	80 645	89 323	**–**	–

As all borrowings bear interest at market rates their fair value approximates their carrying value. The fair value of accounts payable approximates their carrying cost.

To date no such regulation has been imposed.

The group's net debt to equity at the year-end was as follows:

	Group 2014 R'000	Group 2013 R'000
Non-current borrowings	**69 679**	82 188
Current borrowings including bank overdrafts	**20 518**	17 734
Unsecured loans	**406**	411
Total borrowings	**90 603**	100 333
Less: Cash and cash equivalents	**(60)**	(510)
Net borrowings	**90 543**	99 823
Net debt to equity (%)	**82,1**	101,7

Capital management

The group's objectives when managing capital (being shareholders' funds and borrowings) are to maintain the optimum mix of liquidity and low cost of capital and to be able to finance future growth.

The group does not target specific capital ratios, with current and future borrowings being evaluated against the group's expected operating cash flows and capital investment needs. Capital adequacy and liquidity are managed by monitoring net debt to equity, interest cover and debt service ratios. The group targets a borrowing level on its investment and other fixed properties of less than 60%. Direct borrowings against fixed properties is currently 38,9% (2013: 45,1%).

	Group 2014 R'000	Group 2013 R'000
Direct borrowings against fixed properties		
Non-current borrowings directly associated with fixed properties	**69 679**	82 188
Current portion of borrowings directly associated with fixed properties	**10 560**	6 724
Total direct borrowings	**80 239**	88 912
Values of fixed property held	**206 491**	197 161
Percentage of direct borrowings against fixed properties	**38,9%**	45,1%

23. DIRECTORS' REMUNERATION

Name	Months paid	Fees R'000	Remune-ration R'000	Retirement, medical, accident and death benefits R'000	Group R'000
2014					
Non-executive directors					
WP Alcock	–	–	–	–	–
B Mothelesi	**12**	**122**	–	–	**122**
M Moela	**12**	**122**	–	–	**122**
RS Watson	**6**	**62**	–	–	**62**
Total (A)		306	–	–	306
Executive directors					
RP Fertig	**12**	–	–	**48**	**48**
H Beukes	–	–	–	–	–
Total (B)		–	–	48	48
Total remuneration (A + B)		**306**	–	**48**	**354**
2013					
Non-executive directors					
WP Alcock	–	–	–	–	–
B Mothelesi	12	122	–	–	122
M Moela	12	122	–	–	122
Total (A)		244	–	–	244
Executive directors					
RP Fertig	12	–	81	99	180
BW Kaiser	–	–	–	–	–
Total (B)	–	–	81	99	180
Total remuneration (A + B)	–	244	81	99	424

There are no directors' service contracts in place.

24. EARNINGS PER SHARE/DIVIDENDS PER SHARE

	2014 R'000	2013 R'000
Number of ordinary shares in issue at beginning of the year (000's)	**55 915**	55 915
Number of ordinary shares in issue at end of the year (000's)	**55 915**	55 915
Weighted average number of shares in issue (000's)	**55 915**	55 915
Basic earnings		
Net profit per statement of comprehensive income	**12 225**	10 530
Basic earnings per share (cents)	**21,9**	18,8
Headline earnings		
Net profit per statement of comprehensive income	**12 225**	10 530
Profit on sale of investment property	**–**	(610)
Impairments	**19**	23
Revaluation of investment property (net of taxation)	**(7 896)**	(6 609)
Headline earnings	**4 348**	3 334
Headline earnings per share (cents)	**7,8**	5,9
There was no dilution in basic or headline earnings per share.		
Dividends per share		
No dividends were declared during the year.		
Net asset value per share		
Number of ordinary shares in issue at end of the year (000's)	**55 915**	55 915
Net asset value per share (cents)	**197,4**	174,5
Net tangible asset value per share (cents)	**197,4**	174,5

25. NOTES TO STATEMENT OF CASH FLOWS

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
25.1 Cash generated by operations				
Income before taxation	**15 415**	16 455	**3 420**	605
Adjusted for: non-cash items and items disclosed separately				
Finance costs	**7 021**	8 052	**945**	1 027
Interest received	**(821)**	(1 069)	**(818)**	(1 042)
Depreciation and amortisation	**2**	5	**–**	5
Profit on sale of investment property	**–**	(610)	**–**	–
Revaluation of investment property	**(9 330)**	(10 848)	**–**	–
Movement in operating lease assets	**(1 230)**	(2 432)	**–**	–
Impairment of goodwill on acquisition	**19**	–	**–**	–
Changes in working capital				
(Increase)/Decrease in accounts receivable	**(25)**	640	**(3 652)**	2 565
(Decrease)/Increase in accounts payable	**(486)**	764	**153**	726
Decrease in inventories	**2 912**	1 524	**–**	–
	13 477	12 481	**48**	3 886
25.2 Taxation paid				
Balance at the beginning of the year	**(595)**	(221)	**(36)**	(188)
Current tax for the year recognised in profit or loss	**(1 521)**	(961)	**(1 065)**	(36)
Balance at the end of the year	**955**	595	**336**	36
	(1 161)	(587)	**(765)**	(188)

26. OPERATING LEASE EXPENSE (LESSEE)

Operating lease payments relate to monthly rental expenditure on the premises (a portion of 2969 William Nicol Drive, Bryanston) occupied by the group.

No rental contract is in place, and rental is paid upon presentation of monthly invoices. Any escalations are implemented after negotiation with the lessor.

As no long-term contract exists, no smoothing is therefore applicable on the operating lease expenditure.

27. GOODWILL

Goodwill acquired during the year ended 28 February 2013 as part of a business combination related to the acquisition of Adrenna Letting Proprietary Limited (previously RMS Auctions Proprietary Limited), a new subsidiary in the group.

	2014 R'000	2013 R'000
Opening balance at beginning of the year	**19**	–
Acquired in business combinations	**–**	19
Impairments	**(19)**	–
Net carrying amount	**–**	19

Impairment reviews of goodwill

For the purpose of impairment testing, goodwill is allocated to the smallest cash-generating unit. Goodwill carrying amounts and the cash-generating units to which they relate are detailed below:

	Carrying amount 2014 R'000	Carrying amount 2013 R'000
Cash-generating unit		
Adrenna Letting Proprietary Limited	**–**	19

The original purpose for which the subsidiary was acquired did not materialise as anticipated during the year. Due to the unnecessary nature of this effectively dormant entity, it is the Intention of the directors to liquidate the subsidiary after the financial year-end.

Financial performance

- **Basic earnings increased by 16%**

	2014 (R'000)					2013 (R'000)				
	Invest-ment Property Holding	Property-related Services	Property Held for Resale	Head Office admin	Total	Invest-ment Property Holding	Property-related Services	Property Held for Resale	Head Office admin	Total
28. SEGMENTAL RESULTS										
Revenue	27 386	–	3 333	–	30 719	29 780	–	–	–	29 780
Cost of sales	–	–	(2 912)	–	(2 912)	(1 452)	–	–	–	(1 452)
Operating income/(loss) before interest and revaluations	17 820	(168)	–	(5 367)	12 285	18 096	(229)	–	(5 277)	12 590
Fair value adjustments	9 330	–	–	–	9 330	10 848	–	–	–	10 848
Investment income	3	–	–	818	821	27	–	–	1 042	1 069
Finance costs	(6 076)	–	–	(945)	(7 021)	(7 025)	–	–	(1 027)	(8 052)
Net income/(loss) before taxation	21 077	(168)	–	(5 494)	15 415	21 946	(229)	–	(5 262)	16 455
Taxation	(2 121)	–	–	(1 069)	(3 190)	(5 157)	(524)	–	(244)	(5 925)
Profit/(loss) for the year	18 956	(168)	–	(6 563)	12 225	16 789	(753)	–	(5 506)	10 530
Other comprehensive income	–	–	–	–	–	–	–	–	–	–
Total comprehensive income attributable to:										
Ordinary shareholders	18 956	(168)	–	(6 563)	12 225	16 789	(753)	–	(5 506)	10 530
Non-controlling interests	–	–	–	–	–	–	–	–	–	–
	18 956	(168)	–	(6 563)	12 225	16 789	(753)	–	(5 506)	10 530
Other information										
Segment assets	219 608	1	5 752	7 250	232 611	217 434	2	–	10 434	227 870
Segment liabilities	110 778	803	–	10 681	122 262	117 436	1 032	–	11 278	129 746

A geographical segmental report is not presented as the majority of the group's continuing operations are carried out in the Western Cape.

Segmental aggregation is based on the main sources of activity, namely Investment Property Holding, Property-related Services, Property Sales and Head Office administration.

Inter-segment transactions are measured based on arm's length prices.

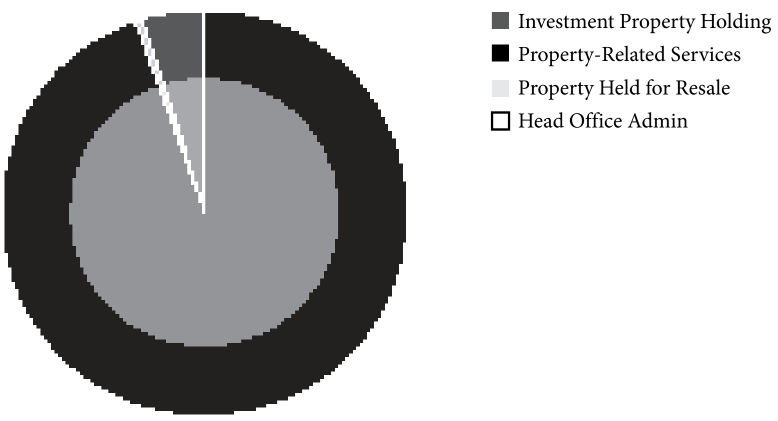
Major customers

Customers yielding revenues in excess of 10% of the group revenue are considered to be major.

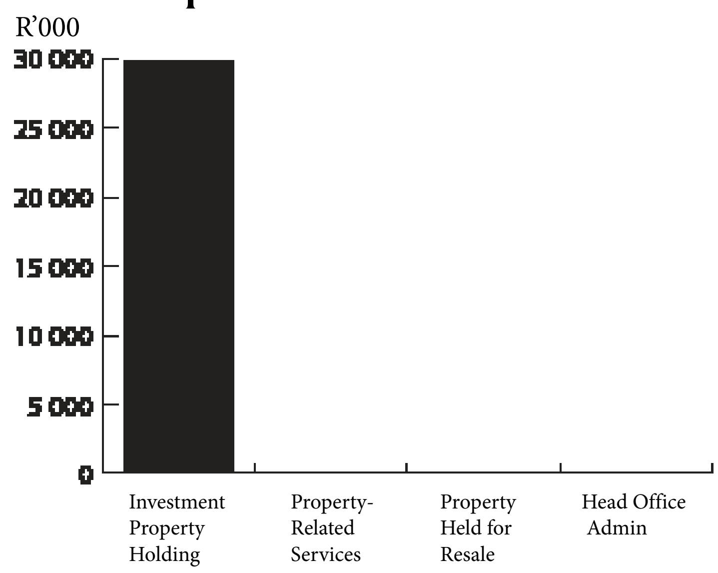
The table below illustrates the major customers exceeding the 10% threshold:

	2014 R'000	2013 R'000

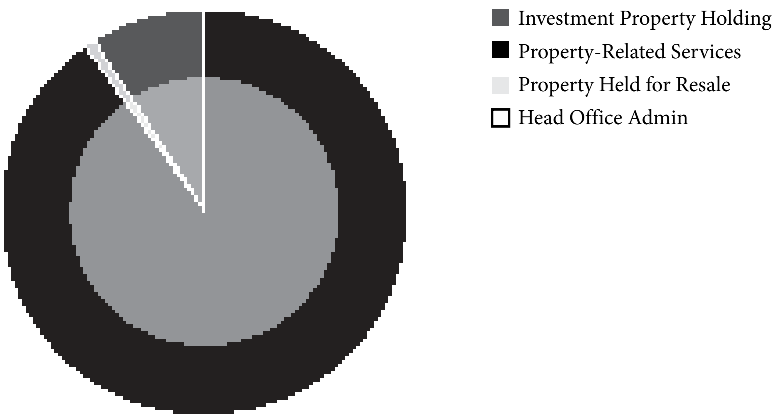
2014 Segment Assets



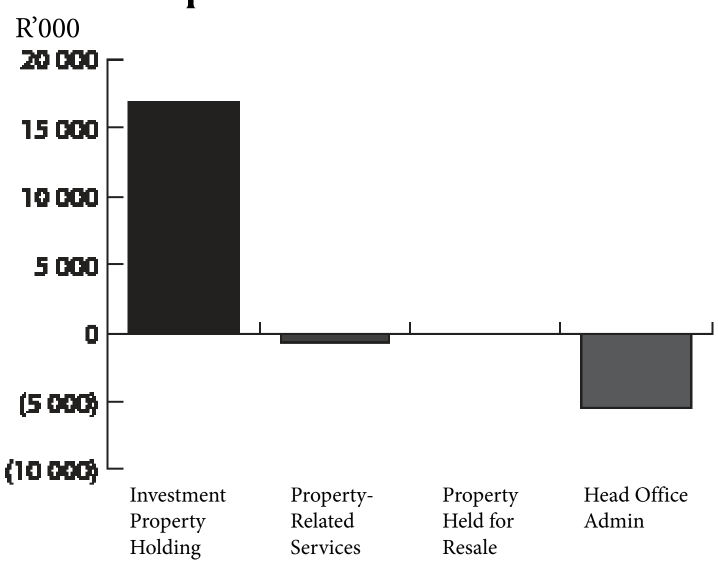
2014 Group Revenue



2014 Segment Liabilities



2014 Group Profit after Taxation



Shareholder Analysis

Range of shareholders	Number of share-holders	% of share-holders	Number of shares	% of issued shares
1 – 1 000	152	23,68	85 969	0,15
1 001 – 10 000	349	54,36	1 326 033	2,37
10 001 – 100 000	97	15,11	3 401 350	6,08
100 001 – 1 000 000	33	5,14	9 523 371	17,03
1 000 001 – and over	11	1,71	41 578 081	74,37
Total	642	100,00	55 914 804	100,00

Shareholder spread	Number of shareholders in SA Nominal number	%	Number of shareholders other than SA Number	%	Total shareholders Nominal number	%
Public	620	96,57	19	2,96	639	99,53
Directors and associates	3	0,47	–	–	3	0,47
	623	97,04	19	2,96	642	100,0

Major shareholders – holdings over 5%	Number of shares	% of shares
Diamond Edge Business Opportunities	14 000 000	25,04
Pershing Securities	9 240 917	16,53
RP Fertig	8 673 101	15,51
J Alcock	4 690 000	8,39

INTERESTS OF DIRECTORS

The details of the beneficial and non-beneficial interest of the directors (whether directly or indirectly) in the share capital of the company at 28 February 2014 are:

Name of director	Beneficial holdings Direct	Beneficial holdings Indirect	Non-beneficial holdings Direct	Non-beneficial holdings Indirect	% of ordinary shares
2014					
RP Fertig	3 502 040	5 171 061	–	–	15.51
H Beukes	–	100 000	–	–	0,18
WP Alcock	190 000	–	–	–	0,34
B Mothelesi	–	–	–	–	–
M Moela	–	–	–	–	–
RS Watson	–	–	–	–	–
	3 692 040	5 271 061	–	–	16,03
2013					
RP Fertig	3 502 040	5 171 061	–	–	15,51
BW Kaiser	2 484 250	260 000	-	-	4,91
H Beukes	–	–	–	–	–
WP Alcock	190 000	–	–	–	0,34
B Mothelesi	–	–	–	–	–
M Moela	–	–	–	–	–
	6 176 290	5 431 061	–	–	20,76

(There have been no changes in the interests of directors between the year-end and the date of this report.)

Performance on the JSE Securities Exchange

South Africa

		Share price
Ruling price (cents)	– 1 March 2013	38
Ruling price (cents)	– 28 February 2014	42
Range (cents)	– highest price	55
	– lowest price	27
Volume of shares traded in financial period		1 986 676
Value traded in financial period		R794 094

Shareholders' Diary

Number of employees during 2014: 0 (2013: 3)

Financial year-end:	February
Annual General Meeting:	June/July
Interim Report for 31 August:	October/November
Announcement of Annual Results:	May
Annual Financial Statements:	May

Appendix A: Subsidiary Companies

	Issued share capital	Effective % holding	Cost of shares R'000	Indebted-ness R'000	Total R'000
Company 2014					
Consani Industrial Park Proprietary Limited	200	100	11 891	(4 589)	7 302
Somerset Mall Developments Proprietary Limited*	100	100	–	13 261	13 261
Adrenna Letting Proprietary Limited	100	100	4	–	4
			11 895	8 672	20 567
Company 2013					
Consani Industrial Park Proprietary Limited	200	100	11 891	(5 780)	6 111
Somerset Mall Developments Proprietary Limited*	100	100	–	13 184	13 184
Adrenna Letting Proprietary Limited (previously RMS Auctions Proprietary Limited)	100	100	4	–	4
			11 895	7 404	19 299

** Cost of shares in Somerset Mall Developments Proprietary Limited equals R100.*

Inter-company loans are interest-free and have no fixed terms of repayment. All of the above companies are incorporated in South Africa.

Appendix B: Investment Properties

Group 2014	Land cost R'000	Building cost R'000	Fair value adjustment R'000	Total book value R'000
A. DETAILS				
1. Retail portion of mixed use development situated on Erven 2299 and 2300 as well as consolidated Erf 9642 Hout Bay, Western Cape having a total lettable retail area of 446 m2 let at a weighted average of R128 per m2	7 711	11 607	(7 668)	11 650
2. Industrial complex situated on Erven 21212, 13336, 13337 and 34754 Goodwood, Western Cape, having a total lettable area of 41 101 m2 let at a weighted average of R48 per m2	22 900	61 426	110 515	194 841
	30 611	73 033	102 847	206 491

	Western Cape
ANALYSIS	
Gross lettable area (square metres)	
– Industrial	41 101
– Retail	446
	41 547
Annual rental income (R'000) (excluding effects of straight-lining of rental income)	
– Industrial	25 191
– Retail	965
	26 156
Vacancy (square metres)	
– Industrial	1 739
– Retail	134
	1 873
Average rent per occupied square metre (Rand)	
– Industrial	47,65
– Retail	127,97
Average escalation (%)	
– Industrial	8,34
– Retail	8,33
Tenant profile (%)	
Industrial	
– A	75,35
– B	24,65
– C	–
Retail	
– A	–
– B	100,00
– C	–

A – Large listed companies, SA Government and large franchisees
B – Other listed companies and other large companies
C – Other

Lease expiry (%)	2015	2016	2017	2018	2019+
Area	40	13	3	–	44
Revenue	30	10	3	–	57

Weighted averages

	Rent per m2 (Rand)	Escalation by sector (%)
– Industrial	47,65	8,34
– Retail	127,97	8,33

Average annualised property yield: 12,7%

Appendix C: Corporate Governance

Analysis of the application of the corporate governance principles as recommended in the King III Report.

	Principles	Comply	Partially Comply	Does Not Comply
1.	**Ethical leadership and corporate citizenship**			
1.1	The board should provide effective leadership based on an ethical foundation	✓		
1.2	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓		
1.3	The board should ensure that the company's ethics are managed effectively	✓		
2.	**Board and directors**			
2.1	The board should act as the focal point for and custodian of corporate governance	✓		
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	✓		
2.3	The board should provide effective leadership based on an ethical foundation	✓		
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	✓		
2.5	The board should ensure that the company's ethics are managed effectively	✓		
2.6	The board should ensure that the company has an effective and independent audit committee	✓		
2.7	The board should be responsible for the governance of risk	✓		
2.8	The board should be responsible for information technology governance **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			✓
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	✓		
2.10	The board should ensure that there is an effective risk-based internal audit **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			✓
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	✓		
2.12	The board should ensure the integrity of the company's Integrated Annual Report	✓		
2.13	The board should report on the effectiveness of the company's system of internal controls	✓		
2.14	The board and its directors should act in the best interests of the company	✓		
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	✓		
2.16	The board should elect a chairman of the board who is an independent non-executive director. The CEO of the company should also not fulfil the role of the Chairman of the board **Reason for partial compliance** The Chairman of the board is a non-executive director. However, a lead independent non-executive director has been appointed to stand in when the Chairman is conflicted. The roles of CEO and Chairman are separate.		✓	
2.17	The board should appoint the CEO and establish a framework for the delegation of authority	✓		
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	✓		
2.19	Directors should be appointed through a formal process	✓		
2.20	The induction, ongoing training and development of directors should be conducted through formal processes **Reason for partial compliance** An induction process exists, but no developmental framework has been established. Legislative and financial changes are briefed to the board on a regular basis.		✓	
2.21	The board should be assisted by a competent, suitably qualified and experienced Company Secretary	✓		
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	✓		
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	✓		
2.24	A governance framework should be agreed between the Group and its subsidiaries' boards	✓		
2.25	Companies should remunerate directors fairly and responsibly	✓		
2.26	Companies should disclose the remuneration of each individual director and senior executives	✓		
2.27	Shareholders should approve the company's remuneration policy	✓		
3.	**Audit committee**			
3.1	The board should ensure that the company has an effective and independent audit committee	✓		
3.2	Audit committee members should be suitable skilled and experienced independent non-executive directors	✓		
3.3	The audit committee should be chaired by an independent non-executive director	✓		
3.4	The audit committee should oversee integrated reporting	✓		
3.5	The audit committee should ensure that a combined assurance model is applied to provide a co-ordinated approach to all assurance activities	✓		
3.6	The audit committee should satisfy itself of the expertise, resources and experience of the company's finance function	✓		
3.7	The audit committee should be responsible for the overseeing of internal audit **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			✓
3.8	The audit committee should be an integral component of the risk management process	✓		
3.9	The audit committee is responsible for recommending the appointment of the external auditor and overseeing the external audit process	✓		
3.10	The audit committee should report to the board and shareholders on how it has discharged its duties	✓		
4.	**The governance of risk**			
4.1	The board should be responsible for the governance of risk	✓		
4.2	The board should determine the levels of risk tolerance	✓		
4.3	The risk committee or audit committee should assist the board in carrying out its risk responsibilities	✓		
4.4	The board should delegate to management the responsibility to design, implement and monitor the risk management plan	✓		
4.5	The board should ensure that risk assessments are performed on a continual basis	✓		

	Principles	Comply	Partially Comply	Does Not Comply
4.6	The board should ensure that frameworks and methodologies are implemented to increase the probability of anticipating unpredictable risks	☐		
4.7	The board should ensure that management considers and implements appropriate risk responses	☐		
4.8	The board should ensure continual risk monitoring by management	☐		
4.9	The board should receive assurance regarding the effectiveness of the risk management process	☐		
4.10	The board should ensure that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders	☐		
5.	**The governance of information technology**			
5.1	The board should be responsible for IT governance **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.2	IT should be aligned with the performance and sustainability objectives of the company **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.3	The board should delegate to management the responsibility for the implementation of an IT governance framework **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.4	The board should monitor and evaluate significant IT investments and expenditure **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.5	IT should form an integral part of the company's risk management **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.6	The board should ensure that information assets are managed effectively **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
5.7	A risk committee and audit committee should assist the board in carrying out its IT responsibilities **Reason for non-compliance** The simplicity of IT functionality used within the group as well as the primary dependence on outsourced service providers negates the need for a complicated IT framework within the group. Simple IT platforms are used which are serviced by an external service provider.			☐
6.	**Compliance with laws, rules, codes and standards**			
6.1	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	☐		

	Principles	Comply	Partially Comply	Does Not Comply
6.2	The board and each individual director should have a working understanding of the effect of the applicable laws, rules, codes and standards on the company and its business	☐		
6.3	Compliance risk should form an integral part of the company's risk management process	☐		
6.4	The board should delegate to management the implementation of an effective compliance framework and processes	☐		
7.	**Internal audit**			
7.1	The board should ensure that there is an effective risk-based internal audit **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			☐
7.2	Internal audit should follow a risk-based approach to its plan **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			☐
7.3	Internal audit should provide a written assessment of the effectiveness of the company's system of internal controls and risk management **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			☐
7.4	The audit committee should be responsible for overseeing internal audit **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			☐
7.5	Internal audit should be strategically positioned to achieve its objectives **Reason for non-compliance** Due to the simplicity of the accounting processes and the small stature of the group, the existence of an internal audit function is not feasible. Reliance is placed upon the opinions provided by the external auditors at the financial year-end.			☐
8.	**Governing stakeholder relationships**			
8.1	The board should appreciate that stakeholders' perceptions affect a company's reputation	☐		
8.2	The board should delegate to management to proactively deal with stakeholder relationships	☐		
8.3	The board should strive to achieve the appropriate balance between its various stakeholder groupings in the best interests of the company	☐		
8.4	Companies should ensure the equitable treatment of shareholders	☐		
8.5	Transparent and effective communication with stakeholders is essential for building and maintaining their trust and confidence	☐		
8.6	The board should ensure that disputes are resolved as effectively, efficiently and expeditiously as possible	☐		
9.	**Integrated reporting and disclosure**			
9.1	The board should ensure the integrity of the company's Integrated Annual Report	☐		
9.2	Sustainability reporting and disclosure should be integrated with the company's financial reporting	☐		
9.3	Sustainability reporting and disclosure should be independently assured **Reason for non-compliance** The cost of obtaining external assurance, taken in context when considering the size of the group and simplicity of operations, is not warranted.			☐

Notice of Annual General Meeting

ADRENNA PROPERTY GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/012245/06)
(Share code: ANA ISIN: ZAE000163580)

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING OF MEMBERS OF ADRENNA PROPERTY GROUP LIMITED WILL BE HELD IN THE BOARDROOM AT 2969 WILLIAM NICOL DRIVE (WEDGEWOOD LINK), BRYANSTON, SANDTON ON FRIDAY, 27 JUNE 2014 AT 11:00 FOR THE FOLLOWING PURPOSES:

1. To receive and adopt the annual financial statements for the 12 months ended 28 February 2014, including the reports of the directors and the Audit Committee.
2. To sanction the decision of the directors not to pay any dividends.
3. To re-elect Mr M Moela who retires from the board of directors in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election.
4. To re-elect Mr WP Alcock who retires from the board of directors in terms of the company's Memorandum of Incorporation, and who, being eligible, offers himself for re-election.
5. To re-elect Mr WP Alcock as chairman of the company for a further period of one year.
6. To appoint Mr RS Watson as a director of the company.
7. To appoint the Audit Committee for a further period of one year.
8. To appoint the auditors of the company.
9. To authorise the directors, in consultation with the Audit Committee, to fix the remuneration of the auditors.
10. To place the unissued shares under the authority of the directors and to grant authority to the directors to issue shares as set out in ordinary resolution 11 below.
11. To authorise the allotment and issue of shares for cash.
12. To determine the remuneration of the non-executive directors for services as directors as set out in special resolution 1 below.
13. To authorise the repurchase of shares by the company as set out in special resolution 2 below.
14. To authorise the directors to grant loans, provide guarantees and/or other financial assistance to subsidiary and other group companies as set out in special resolution 3 below.
15. To transact any other business capable of being transacted at an annual general meeting.

Note: Resolutions numbered 1 to 10, inclusive, are ordinary resolutions and require a 50% majority vote of shareholders present in person or represented by proxy. Ordinary resolution number 11 as well as resolutions numbered 12 to 14, inclusive, which are special resolutions, require a 75% majority vote.

1. ORDINARY RESOLUTION 1
"Resolved that the Financial Statements, including the reports of the directors and the Audit Committee for the year ended 28 February 2014 be adopted."

2. ORDINARY RESOLUTION 2
"Resolved that the decision of the directors not to pay any dividends in respect of the year ended 28 February 2013 be sanctioned."

3. ORDINARY RESOLUTION 3
"Resolved that Mr M Moela be re-appointed as a director of the company."

4. ORDINARY RESOLUTION 4
"Resolved that Mr W P Alcock be re-appointed as a director of the company."

5. ORDINARY RESOLUTION 5
"Resolved that Mr WP Alcock be re-appointed as chairman of the company for a further period of one year."

6. ORDINARY RESOLUTION 6
"Resolved that the appointment of Mr RS Watson as a director of the company be approved."

7. ORDINARY RESOLUTION 7
"Resolved that the Audit Committee comprising of B Mothelesi (Chairperson) M Moela, WP Alcock and RS Watson be re-appointed."

8. ORDINARY RESOLUTION 8
"Resolved that Messrs RSM Betty and Dickson (Johannesburg) be re-appointed as auditors to the company and its subsidiaries for further period of one year."

9. ORDINARY RESOLUTION 9
"Resolved that the directors, in consultation with the Audit Committee, be authorised to fix the remuneration of the auditors."

10. ORDINARY RESOLUTION 10
"Resolved that all the authorised but unissued securities of the company be and they are hereby placed under the control of the directors of the company as a general authority to them to allot and issue the same at their discretion in terms of and subject to the provisions of section 48 of the Companies Act and the Listings Requirements of the JSE Limited."

11. ORDINARY RESOLUTION 11
"Resolved that, subject to:

1. the passing of ordinary resolution 10 above; and
2. not less than 75% of those shareholders of the company present in person or by proxy and entitled to vote at the meeting at which this resolution is proposed voting in favour of this resolution,

the directors of the company be and they are hereby authorised and empowered, by way of a general authority, to allot and issue for cash, without restriction, all or any of the authorised but unissued securities in the capital of the company placed under their control as they in their discretion may deem fit, subject to the provisions of the Listings Requirements of the JSE Limited."

The restrictions placed by the JSE Limited on such general authority for allotments and issues for cash are as follows:

- The authority is valid until the next annual general meeting but in any event not later than 15 months from the date of this resolution.
- Any such issue must be of a class of securities already in issue and can only be made to public shareholders as defined in the Listings Requirements of the JSE Limited.
- Issues in the aggregate in any one financial year may not exceed 15% of the number of securities of the company's issued share capital.
- A paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue.
- In determining the price at which the issue of securities will be made, the maximum discount permitted will be 10% of the average closing price of the securities as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of such securities.
- Subject to the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote thereat.

12. SPECIAL RESOLUTION 1
"Resolved that the directors be authorised to remunerate the non-executive directors of the company either on a monthly basis or on a per meeting basis, as determined by an independent quorum of directors for services as directors subject to an annual limit of R250 000 per annum per director."

This authority, unless renewed timeously will expire on 26 June 2016.The reason for Special Resolution 1 is to authorise the directors of the company to fix the remuneration of directors for their services as directors, which will, upon the passing and lodgement of special resolution 1 with the Companies and Intellectual Property Commission have that effect.

Additional information relating to special resolution 1
Special resolution 1 authorises an independent quorum of directors to determine the remuneration of the non-executive directors for their services as directors up to a pre-determined maximum.

13. SPECIAL RESOLUTION 2
To consider and, if deemed fit, pass with or without modification the following resolution as a special resolution:

"Resolved that the acquisition by the company of shares issued by it, as provided for in the company's Memorandum of Incorporation, on such terms and conditions as may be determined by the directors and the acquisition by any subsidiary of the company of shares issued by the company on terms and conditions as determined by the directors:

(a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;
(b) the general authority for the company or its subsidiaries to acquire its securities shall be limited to a maximum of 20% of the company's issued securities in any applicable class in any one financial year;
(c) any repurchase may not be made at a price more than 10% above the weighted average of the market value of the security for 5 (five) business days immediately preceding the date of such repurchase (inclusive of any specific authority);
(d) should the company either directly or indirectly through its subsidiaries cumulatively repurchase 3% of its own securities in terms of this general authority it shall make an announcement in accordance with the Listings Requirements of the JSE Limited ("JSE");
(e) the repurchase will be affected through a single agent appointed for this purpose using the order book operated by the JSE trading system without any prior understanding or arrangement;
(f) the repurchase will only be effected if it does not contravene the JSE's shareholder spread requirements; and
(g) the repurchase will not be effected during a prohibited period as defined by the JSE."

The reason for special resolution 2 is to enable the directors of the company up to and including the date of the next annual general meeting of the company, or a date not later than 15 months after the date of the passing of special resolution 2 whichever is the earlier to approve the acquisition by the company, of its own securities and which will, upon the passing and lodgement with the Companies and Intellectual Property Commission, have that effect.

The board of directors may use the authority granted under special resolution 2 where circumstances such as market conditions, revenue dispensations or any other circumstances which may be in the best interests of the company and its shareholders, in the opinion of the directors, warrant the use of such authority.

The directors, at the time of taking an executive decision to effect a repurchase on the open market, will:

- provide the JSE with the latest audited annual financial statements or reviewed interim financials; and
- provide the JSE with a forecast statement of financial position, statement of comprehensive income and statement of cash flows covering the 12-month period subsequent to the date of the latest audited financial statements or reviewed interim results, as the case may be, which forecasts will be reviewed by the auditors of the company.

The directors must be of the opinion, after considering the possible effects on an acquisition by the company of its own securities, that:

- the company shall be able, in the ordinary course of its business, to pay its debts;
- the consolidated assets of the company, fairly valued in accordance with IFRS, are in excess of the consolidated liabilities of the company;
- the company shall have adequate working capital for its operations in the following year; and
- the company shall have adequate capital.

Additional information relating to special resolution 2
Special resolution 2 authorises the repurchase of its own shares by the company either directly or through a subsidiary. This repurchase is strictly regulated by the Listings Rules of the JSE and provisions in the Companies Act, No. 71 of 2008.

14. SPECIAL RESOLUTION 3
"Resolved that the directors be authorised to grant loans, provide guarantees or other financial assistance to subsidiary and/or other group companies on terms and conditions as determined by the directors, subject to:

(a) the directors, prior to granting such loan, providing guarantees or providing other financial assistance, are satisfied that the requirements of the solvency and liquidity tests are complied with; and
(b) the terms of the loan, guarantee or financial assistance are fair and reasonable to the company.

This authority, unless renewed timeously will expire on 26 June 2016."

The reason for special resolution 3 is to permit the directors of the company to grant loans, provide guarantees or other financial assistance to subsidiary and/or other group companies, which will, upon the passing and lodgement of special resolution 3 with the Companies and Intellectual Property Commission have that effect.

Additional information relating to special resolution 3
Special resolution 3 authorises the directors of the company to grant loans, provide guarantees or other financial assistance to subsidiary or group companies subject to compliance with the Solvency and Liquidity tests set out in the Companies Act, No. 71 of 2008.

For the purpose of considering the above resolutions the information below has been included on the following pages in the annual report to which this notice of Annual General Meeting is attached:

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Directors' responsibility
The directors of the company whose names are set out on page 1 of the annual financial statements to which this notice is attached, collectively and individually, accept full responsibility for the accuracy of the information given, 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 this report contains all information required by law and the Listings Requirements of the JSE.

Voting and proxies
Every holder of ordinary shares present in person or by proxy at the meeting, or in the case of a body corporate represented at the meeting shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every ordinary share held. A proxy form is attached for those members who wish to be represented at the meeting but are unable to attend. In order to be effective, a duly completed proxy form must be deposited at the registered office of the company not less than forty-eight (48) hours before the time for holding the meeting.

Record date
The record date for shareholders to be registered in order to attend and vote at the Annual General Meeting of the Company is Friday, 20 June 2014

BY ORDER OF THE BOARD

BY ORDER OF THE BOARD
BW Kaiser
Company Secretary
Bryanston

Proxy Form

For use by shareholders of Adrenna Property Group Limited
ANNUAL GENERAL MEETING TO BE HELD IN THE BOARDROOM AT 2969 WILLIAM NICOL DRIVE (WEDGEWOOD LINK), BRYANSTON, SANDTON, ON FRIDAY, 27 JUNE 2014, AT 11:00

A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his/her stead and such proxy need not be a member of the company.

I, of

being a member of the above company, hereby appoint:

of

or, failing him/her of

Ordinary business		In favour of	Against	Abstain
1.	Resolution to adopt the financial statements.			
2.	Resolution to sanction the declaration of no dividends.			
3.	Resolution to re-elect Mr M Moela as a director of the company.			
4.	Resolution to re-elect Mr WA Alcock as a director of the company.			
5.	Resolution to re-elect Mr WP Alcock as chairman of the company for a further period of one year.			
6.	Resolution to appoint Mr RS Watson as a director of the company.			
7.	Resolution to re-appoint the Audit Committee for a further period of one year.			
8.	Resolution to appoint the auditors of the company for a further period of one year.			
9.	Resolution to authorise the directors, in consultation with the Audit Committee to fix the auditors' remuneration.			
10.	Resolution placing the unissued shares under the control of the directors.			
11.	Resolution authorising the issue of shares for cash.			
12.	Special resolution 1: To determine the remuneration of the non-executive directors.			
13.	Special resolution 2: Permitting the company to repurchase shares.			
14.	Special resolution 3: Authorising the granting of loans/other financial assistance to subsidiaries/group companies.			

Signed this day of 2014

Signature of member

Assisted by (where applicable)

PLEASE NOTE: ADDITIONAL COPIES OF THE PROXY FORM ARE AVAILABLE FROM THE COMPANY SECRETARY AT: bernard@rmsprop.co.za.

Notes TO THE Proxy Form

Notes and instructions to the Proxy Form

Notes:

1. Indicate instruction to proxy by way of a cross in the spaces provided.
2. Unless otherwise instructed, a proxy may vote as he/she thinks fit.
3. This proxy form and the general or special power of attorney or other authority, if any, must be signed, dated and returned so as to reach the registered office of the company at least forty-eight (48) hours before the meeting.
4. Members who have dematerialised their shares in the company and are registered in their own names are members who appointed Computershare Custodial Services as their Central Securities Depository Participant with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own name.

Instructions on signing and lodging this proxy form:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting "'the chairman of the annual general meeting"', but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the annual general meeting. The person whose name appears first on this proxy form and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or, alternatively, the number of shares such shareholder wishes to vote, in the appropriate spaces provided. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she thinks fit in respect of all the shareholder's shares. A shareholder or his/her proxy is not obliged to use all the shares held by the shareholder, but the total number of shares, or those in respect of which abstention is recorded, may not exceed the total number of shares held by the shareholder.
3. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
4. To be valid the completed proxy form must be lodged with the transfer secretaries of the company, Computershare Investor Services Proprietary Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), to be received by them no later than 11:00 on Wednesday, 25 June 2014.
5. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the chairman of the annual general meeting.
6. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.
7. The completion of any blank spaces need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
8. The chairman of the annual general meeting may accept any proxy form which is completed, other than in accordance with these instructions and notes, provided that the chairman of the annual general meeting is satisfied as to the manner in which shareholder wishes to vote.

Shareholder notes